On the "Rich and Poor" Nations Theory

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1. A Distorted Reflection of Reality

The Western press often has articles with such intriguing headings as "War on Poverty", "Crusade Against Destitution", "New Nations Pursue the Offensive", "Backwardness, Dilemma of the Century", etc. Now and then the superficial writings of newspapermen are buttressed with voluminous works by venerable scholars but, without exception, all of these writings are keynoted by downright concern for the destiny of the "divided world"—as Western writers sometimes call the capitalist economic system. Contradictions between the leading imperialist powers on the one hand, and the majority of Asian, African and Latin American countries on the other, have become so acute that the spokesmen for monopoly capital are no longer able to conceal the obvious.

Until the late 1940's and early 1950's Western writers displayed a somewhat moderate, purely academic interest in the causes of the economic backwardness of a group of states. Of late, however, the subject of "world-wide polarization of wealth and poverty" has been extensively explored by a whole army of writers carrying out a "sociolo-

gical order" of monopoly capital. They include both plain charlatans and serious investigators of world economic problems.

What makes the present-day apologists for imperialism so worried? What actual processes and changes that have occurred in the world capitalist economy are reflected, even though in a distorted way, in their investigations? Why, after a long period during which "third world" problems were consigned to almost total oblivion, is politico-economic thought now focused on the "rich and poor nations" theory?

The answers to these questions are easy to find if world historic events of the last decade are examined. The collapse of imperialism's colonial system has led to a further intensifying of the general crisis of capitalism. The near-completed first stage of the anti-imperialist revolution has led to the political liberation of former colonies, and dealt a heavy blow to world monopoly capital.

Having lost its political supremacy on the world scene, imperialism is trying to set up a new system of exploiting young national states, a more flexible system that would enable imperialism to keep those states within its orbit. Viewed as a complex of military-political, economic and ideological relations between the developing countries and the imperialist powers, this system constitutes what is known as neo-colonialism. The aim of neo-colonialist policy is to weaken the anti-imperialist orientation of the national-liberation movement, to isolate it from the world socialist system, and to obstruct the economic and social progress of the "third world". In its struggle against the national-liberation movement and the world socialist system imperialism resorts to such military-political forms of neo-colonialism as involving separate developing countries

in aggressive blocs, signing bilateral pacts, and setting up military bases in those countries. However, with the world socialist system becoming the determining force of world development and the majority of developing countries gaining political independence, there are far less opportunities to practise military-political *diktat* with regard to the national-liberation movement. Because of that, the main front of struggle between the young national states and the imperialist powers has shifted largely to the economic sphere.

The neo-colonialist policy in the economic sphere consists in attempts to strengthen the positions held by private capital and the governments of imperialist powers in developing countries so as to draw immense profits there, along with attempts to preserve the backward economic structure which these countries inherited from colonialism of the past. The main strategic objective of neo-colonialism is to get the young sovereign states to proceed along the lines of capitalist, rather than socialist orientation. This would considerably facilitate their further economic subjugation by Western capital. Along with such time-tested colonial methods as export of capital, extraction of profit, and commercial robbery the neo-colonialists increasingly resort to new ones. For instance, there is so-called economic aid which includes loans and grants to governments and private companies, technical assistance, and the training of specialists for developing states. Various forms of "collective colonialism" have become rather widespread of late. An example is the association of 19 African countries with the Common Market, an organization which is, perhaps, known the best. By extending certain privileges to the associated countries the imperialist states which are members of the Euro-

pean Economic Community attempt to split the united front of the national-liberation movement.

The neo-colonialist brainwashing of the "third world" is conducted by government organizations, such as the US Peace Corps, as well as by various private foundations and through numerous publications praising the Western way of life.

To resist neo-colonialism successfully it is necessary to work consistently for economic independence. This entails the resolute undermining and weakening of foreign capital's positions in newly-liberated countries along with industrialization and agrarian reforms. Carrying out such measures should limit the operation of foreign capital and exploiting elements within the country, and build up greater opposition to the *diktat* of world monopolies in inter-state economic relations.

In their anti-imperialist struggle the developing countries have a reliable ally—the world socialist system. Concerning the Soviet Union's policy towards these countries, Leonid Brezhnev, General Secretary of the CPSU Central Committee, said the following: "...acting on Lenin's behests, our Party and people actively support the national-liberation struggle of the peoples and the progressive policy of countries liberated from colonial oppression." The world socialist system's becoming the determining force of world development exerts, no doubt, a steadily growing influence on relations between the imperialist powers and the developing countries, obstructing the monopolies in their policy of *diktat*.

The young sovereign states, the Programme of the Communist Party of the Soviet Union notes, are distinct in that they "do not belong either to the system of imperialist states or to the system of socialist states. But the overwhelming majority of

them have not yet broken free from world capitalist economy even though they occupy a special place in it. They constitute that part of the world which is still being exploited by the capitalist monopolies. As long as they do not put an end to their economic dependence on imperialism, they will be playing the role of a 'world countryside', and will remain objects of semi-colonial exploitation".

A peculiarity of the developing countries' economy is the low level of development of the productive forces and low national income—both inherited from the colonial past. In the past, the growth of the productive forces was artificially stunted by foreign capital deriving its fabulous profits out of colonies without the least concern for their economic development or the needs of the people whose low living standard was kept down all the more by the exorbitant taxes imposed by the colonial administration. As a result, the per capita national income in the colonies practically hovered at the same level, while the economic development level of the metropolies spurted far ahead of their colonies.

In the early period of colonial expansion there was a comparatively small gap between the levels of per capita income in the metropolies and the colonies. In 1850, for instance, the per capita income in Europe and in the USA was 145 dollars (in 1960 prices), as against 80 dollars in the rest of the world, a difference of 80 per cent. By the early 1950's it was nearly ten times greater (1,110 dollars in advanced capitalist countries and 113 dollars in developing ones). The brazen plunder of the colonies yielded fabulous profits for the monopolies.

When the former colonies attained political in-

dependence they were drained even more by the imperialist powers. In 1970, for instance, the level of per capita income in the imperialist states was over 13 times that of the developing countries (2,970 dollars and 225 dollars, respectively). Thus, the gap in income levels which had come about in the century of open colonial domination, remained and even widened during the two decades after the colonies gained political independence.

This was to be expected, since neo-colonialism employs economic methods to exploit developing countries more subtly and effectively than the colonialists of the past could do by wielding a whip to make the natives slave for them. Neo-colonialist policy has not changed but only disguised the essence of imperialism. This is what Lenin had in mind when he wrote:

"Economic 'annexation' is *fully* 'achievable' without political annexation and is widely practised." [1]

Developing countries can be exploited rather easily because of their utter economic backwardness. Labour productivity in their agriculture is 20-25 times lower and in their industry 5-7 times lower than in advanced capitalist countries. The fact that the above discrepancy persists and is becoming worse can be put down to a number of interrelated factors.

First, it is the one-sided, undeveloped economic structure inherited from colonial days. Although in 1970, for instance, people in the developing countries made up over 72 per cent of the capitalist world, they accounted for a mere 12 per cent of the industrial output, and the ratio of their agricultural output to the gross national product

[1] Lenin. *Coll. Works*, Vol. 23, p. 44.

was four times higher than that in the industrial countries of the West. Moreover, the developing countries' economy is predominantly of a single-item character, that is, it specializes in one or two types of products for export. Agricultural goods and raw materials of the extractive industries make up the bulk of the exports from these countries. Paradoxically, most of the developing countries, while specializing in agricultural output, are unable to feed their own swiftly growing population and have to import foodstuffs from advanced capitalist states. This is still another consequence of low labour productivity and a lop-sided economic structure.

Second, the economic backwardness of the "third world" countries is aggravated by the fact that foreign capital, through unscrupulous exploitation, appropriates snowballing profits. In the developing countries US monopoly profits, for instance, are two or three times the investment. Furthermore, the developing countries suffer vast losses because of an unequivalent exchange. This stems from the foreign monopolies' domination on the world market, and the wide gap between the monopoly-induced high prices on goods exported to the developing countries and the monopoly-induced low prices on primary products imported from these countries. Estimates show that this source of profit yields the monopolies between 10,000 million and 12,000 million dollars a year. Although the developing countries increase the output of goods for export, the decline in prices on raw materials caused by the monopolies cuts down the net proceeds gained by these countries. As a result, every year the "third world" gets progressively less foreign currency for its exports, while paying more and more for the im-

ports. This seriously hampers the developing countries from accumulating funds for independent economic development.

Third, the developing countries' debt in connection with the so-called aid received from Western powers is growing catastrophically. In 1961 the national debt of the developing countries amounted to 21,000 million dollars; by 1970 it had reached 60,000 million. One more circumstance is noteworthy: whereas in 1960 one-third of the annual "aid" received by the developing countries went to repay the loans they had received, by 1968 that ratio had doubled. Experts believe that in the mid-1970's the developing countries will be paying out more on debts than they will be getting in new loans. In actual fact, these countries are already rendering tangible assistance to the major capitalist powers.

Facts show that the gap between per capita national incomes in advanced capitalist countries and newly-independent states keeps widening. Average figures, however, do not give a sufficiently vivid picture of what is happening. The gap appears particularly striking if the indices of individual countries are compared. For example, in 1970 the level of per capita income in the USA was 4,850 dollars; while in Malawi, an African country, the level was less than 65 dollars. Naturally, such a colossal gap greatly intensifies the antagonisms between the imperialist and developing countries.

As a result of the pressure applied by the developing countries, the United Nations adopted a plan for the so-called first decade of development covering the years from 1960 to 1970. The declared aim was to attain a 5 per cent annual increase in the gross national product. But even that modest goal was not reached, the average increase among

the developing countries amounting to 4.8 per cent, which was only 2.5 per cent higher than the rate of population increase in those countries. According to the plan in the second decade of development, covering the period from 1970 to 1980, the rate of G.N.P. growth is to be raised to 6 per cent. The originators of the plan have appealed to the advanced industrial countries for greater cooperation in solving "third world" problems.

Obviously, because of the developing countries' economic dependence on imperialist states and increasing exploitation by the latter these countries will find it exceedingly difficult to implement their plans. And it could happen that in the mid-70's the payments on the shackling loans made by the imperialist powers will exceed the receipts under the "aid" programme.

Experts believe that to narrow the gap between the economic development levels of the industrial and the developing countries the latter would have to raise their production growth-rates to 8-10 per cent a year, compared with a 5 or 6 per cent growth-rate for the advanced capitalist countries. However, given the capitalist mode of economic development such a leap is not feasible. More likely, the predictions of H. Kahn and A. J. Wiener, well-known Western researchers, will prove valid. They write that with the present rate of advance it will take Indonesia 593 years, Colombia 358 years, Nigeria 339 years, and India 117 years to attain the level of per capita income which the USA had in 1965. [1]

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[1] H. Kahn, A. J. Wiener. *The Year 2000. A Framework for Speculation on the Next Thirty-Three Years,* New York, 1968, p. 149.

An analysis of the past and current trends of economic development in newly-independent countries shows that the capitalist orientation leads to retention of age-old backwardness, appalling poverty of the people, and obsolete social relations. On the other hand, the experience of socialist-oriented countries shows that the socialist road leads to quick economic and social progress, national liberation from dependence on imperialist powers, and solution of outstanding social problems.

Now that the world socialist system is becoming the determining force of world development and most of the former colonies have gained political independence there are favourable conditions for limiting the omnipotence of the monopolies, and more and more countries have been prompted to choose the non-capitalist road of development. Shaken by the profound world-wide historic transformations the exponents of imperialist ideology hurriedly began to evolve a theory with which to contrast the Marxist-Leninist view on the role and significance of the national-liberation movement in the present epoch. Eventually they came up with the "rich and poor nations" theory.

The originators of that theory set themselves three principal tasks: first, to justify colonialist and neo-colonialist exploitation, concealing the real causes of the poverty of Asian, African and Latin American nations; second, to misrepresent the aims and policy pursued by the socialist community in cooperating with developing countries, discouraging the latter from choosing the non-capitalist road of development; and third, to make recommendations on how to speed up capitalist development in those countries.

In the early 50's when there were few newly-independent states, the originators of the "rich and

poor nations" theory tried, in an attempt to whitewash colonialism, to explain the economic backwardness of the developing countries as a deficiency and stagnancy "inherent in the economy of underdeveloped countries". Similar arguments are still employed by many advocates of the theory. However, in the late 50's and early 60's, when the crumbling of imperialism's colonial system was intensified, and the majority of the newly-free countries became more insistent in demanding at least partial compensation by the capitalist world for its colonial plunder, the learned servants of the monopolies somewhat modified their tactics. Now they began praising the "magnanimity and generosity of wealthy nations" which, they claimed, were full of compassion and a sense of moral responsibility for the future of the "third world". Western "aid", which was really an effective instrument of exerting political and economic pressure, was being passed off as just about compensating in full for the damage sustained by the "third world" during the period of colonial domination.

As the world socialist system found itself in a stronger position in competition with capitalism and extended its ties with young national states, the advocates of the above theory regarded this as the main threat to imperialist domination in the capitalist economic system. In the early 60's the theory acquired a clear-cut anti-communist orientation. It was then that its main tenets were formulated.

The theory is based on the false premise, devoid of all class content, that all the nations of the world, regardless of their social system, fall into two groups—"the rich countries of the industrial North" and "the poor countries of the agrarian

South". The first group includes the imperialist powers and the socialist countries; the second—the independent states of Asia, Africa and Latin America. "The major division of the world into rich and poor nations" is presented as the foremost contradiction of the century. It is suggested that "the sated North" should institute "charitable aid funds" to combat the poverty of "the hungry South" which cannot overcome its poverty alone.

The above theory reflects, as in a distorted mirror, the existing polarization of the capitalist world into industrial powers and underdeveloped countries which in the past constituted the colonial periphery of imperialism. Capitalist ideologists substitute the scientific conclusion of Marxism-Leninism that the main contradiction of the present epoch is the world-wide confrontation between capitalism and socialism with an imaginary contradiction between "rich" and "poor" countries, "rich" and "poor" peoples.

The covert meaning of this fabrication is obvious: to present the socialist countries, which have nothing to do with either colonialist or neo-colonialist plunder, as "rich nations" that have the same obligations as the imperialist powers to the "third world". In this way the socialist countries are made to bear a sort of "collective responsibility", together with the modern colonialists, for the hardship and suffering of the millions. The purpose of such a fabrication is to relieve imperialism of part of the blame for the situation in the developing countries.

At the same time, agents of the monopolies seek to provoke distrust towards socialist countries among young national states and to encourage reactionary, pro-imperialist elements in the developing countries. The principle of proletarian inter-

nationalism, the cornerstone of the alliance between the world socialist system and the national-liberation movement in their anti-imperialist struggle, is being attacked with particular ferocity. The mutually beneficial cooperation and disinterested aid given, in keeping with that principle, by the Soviet Union and other socialist countries to Asian, African and Latin American peoples are targets for downright slander. They are viewed as a means of "communist expansion" and a manifestation of the supposed moral and economic obligation that the Soviet Union bears to the "third world".

Like all misconceptions spread by capitalist propaganda, the "rich and poor nations" theory is full of holes both from the viewpoint of philosophy and methodology. Its originators and advocates distort objective world processes, seeking to show that the main divide today passes between an abstract "rich North" and a "hungry South", and not between imperialism, the worst enemy of newly-free nations, and socialism, their natural ally. The class purpose of this invention is obvious: to turn down the flame of national-liberation struggle, and to channel the wrath of the peoples of the "third world" against "rich nations" and not against imperialism, the real source of all their misfortunes.

The "rich and poor nations" doctrine is not a complete, original theory. It incorporates the most diverse trends of bourgeois thought, including the views of rabid anti-communists and anti-Sovietists. Different groups of the bourgeoisie find that the simplicity of the doctrine lends itself to the promotion of their political ends. Its basic tenet is convenient to outright racialists and to reactionary elements within the developing countries; to capital's learned advocates and to bourgeois liberals who condemn abstract evil and rely on the "mag-

nanimity" of the imperialist predators.

It has become a fad in all sorts of publications to compare present-day reality with the period of the decline of the Roman Empire. The Western reader is presented with approximately the following picture:

The "Northern states" of the world, which are represented as the stronghold of the "rich white folk's civilization", are faced with the threat of being overrun by the "coloured barbarians of the South". The latter are interpreted to mean the developing nations and are usually depicted as sluggards of the plebes type in ancient Rome. They are purported to want other people's wealth and demand free bread from the "industrious European". Smuggled in in this way is a somewhat disguised colonialist concept of "backward peoples' natural inclination to indolence". Imperialist "aid" is represented as benefaction, as disinterested efforts to combat poverty on earth.

This trend in capitalist propaganda is designed, first of all, to distract the mass of working people in advanced capitalist countries from internal class conflicts and to kindle, in the words of one American sociologist, "chauvinism of the rich". The exponents of this trend try to capitalize on the basest of human sentiments: they provoke national and racial discord, and often preach downright racialism. Theories of that sort are mainly meant for domestic consumption and are propagated wholesale on a cheap bestseller market.

Scholars take a circumspect approach in justifying the "rich and poor nations" theory. They discard the over-simplified argumentation of hack writers and create an illusion of objective investigation of economic backwardness problems. These scholars include downright ill-wishers who amp-

lify in every way the difficulties confronting the developing countries. They mostly harp on the "fateful inevitability" of stagnation in the economy of the "third world" countries.

Other theoreticians pose as champions of progress for "backward nations". They come up with all sorts of prescriptions for curing the "ulcers of poverty" and normalizing the economic situation in the world. They often write about the need for invigoration of the "enterprising spirit" and greater use of private initiative in the developing countries. Frequently they appeal to businessmen and to governments, requesting them to increase the "aid" to the "third world" countries.

Despite varying shades of colour and certain difference of approach towards some problems, all advocates of the "rich and poor nations" theory are fulfilling basically the same mission: to prevent the spread of communist outlook in the national-liberation movement, and to persuade the newly-independent nations to follow the capitalist road of development.

The experience of socialist economic development in the USSR and other countries comes under particularly heavy fire. The Soviet experience is painted in the grimmest colours and every attempt is made to intimidate the "third world" with such overworked inventions as "total socialization" under communism.

While the "rich and poor nations" theory is aimed mainly against the socialist countries, it is also against the interests of the developing countries. By lumping together the numerous political and economic contradictions between the latter and the imperialist powers into the single problem of aid, the advocates of that theory seek to persuade the "third world" to reconcile itself to the present situation

and to rely solely on the "magnanimity and generosity" of the rich nations. They include socialist countries in the group of rich nations and spread misconceptions about the international working class in the West becoming integrated within the capitalist system, in order to deprive the national-liberation movement of its staunch allies, and leave it to contend with imperialism alone.

Peking found the main tenets of the "rich and poor nations" theory ideal for propaganda purposes and hastened to borrow them. In an attempt to split the united anti-imperialist front Maoist "theoreticians" have rejected the class approach in analysing present-day reality, and in actual fact have sided with the bourgeois nationalists. They hold that the main feature of the present epoch is conflict between "the world countryside and the world town"—not confrontation between socialism and capitalism on a world scale.

The "rich and poor nations" theory is preached by many Western scientists and politicians, and even by some pro-imperialist international organizations.

What are the ideological sources of that theory, and who originated it? What was the process of its evolution? What is the real economic and political meaning of its basic tenets, and along what lines are they being professed today? These questions will be dealt with in the chapters that follow.

2. Justification of Colonialism

It should be noted that the elaboration of the "rich and poor nations" theory began at a time when, following socio-economic and political chan-

ies in the second half of the 20th century, the national-liberation movement was becoming a mighty anti-imperialist force. The irreversible process of disintegration of the colonial system caused Western theoreticians to take a different view of the capitalist world's periphery.

Unlike Marxism-Leninism, which always deemed it essential to thoroughly analyse the colonial system and predicted its collapse, bourgeois science had, prior to that time, paid no heed to problems of the colonies. From time to time, Western scientists would, at the request of one firm or another, review the conjuncture of the export of capital or raw materials extraction—but nothing beyond that. They merely considered the colonies as backward sectors of the metropolies' national economy. In other words, they did not even treat the colonies as an independent object of research.

The heightening of the national-liberation struggle compelled the more experienced of bourgeois scientists, who until then had specialized in studies of industrially developed countries, to start ploughing the "virgin soil" of developing countries theory. It did not take long for them to reorientate themselves and soon they were assiduously developing that area of science. Thus, the mid-40's saw the first phase in the elaboration of the "rich and poor nations" theory.

The main aim of bourgeois theoreticians at that time was to justify colonialism, to deny the existence of, or play down, the more glaring aspects of imperialism's plunderous policy.

They did not realize at the time that the colonial system was doomed, and hoped, with the help of demagogy, to persuade the Asian and African peoples to keep the old system unchanged. In doing so they praised the "civilizing" mission of colonia-

lism in every way. The leading role among those apologists for colonial plunder was played by British scholars, who represented the world's oldest colonial empire. Such British historians and economists as A. Burns, S. H. Frankel, A. Lenox Mills, and M. Zinkin formed a wing of the most diehard proponents of the "rich and poor nations" theory. Their views were characterized by extreme subjectivism and sometimes open racialism—a trusty weapon of the advocates of that theory.

A. Burns, a British historian, for one, attempted to represent the anti-imperialist revolution as a sporadic outburst of nationalism. In his book pretentiously entitled *In Defence of Colonies* he wrote:

"In many cases 'anti-colonialism' is merely a cover for intense racial feeling, a colour prejudice in reverse which reflects the resentment of darker peoples against the past domination of the world by European nations. Anti-colonialism always relies on feeling rather than on reason." [1]

S. H. Frankel, a British economist, completely rejected the concept of exploitation, and declared that efforts to reckon up the balance of gains and losses in relations between metropolies and colonies were ludicrous and futile. [2] It was an attempt to give a "scientific" justification to colonial plunder and its dire consequences.

A third British investigator of Asian problems, A. Lenox Mills, while admitting in a circumspect way that the metropolies derived fabulous profits from the colonies, sought to reassure the newly-free nations by claiming that the drain on their wealth was not a disgrace but a natural economic

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[1] A. Burns. *In Defence of Colonies*, London, 1957, p. 5.
[2] S. H. Frankel. *The Economic Impact on Underdeveloped Societies*, Cambridge, 1953, p. 3.

phase for developing countries. [1] According to Mills, colonialism had a stimulating effect on underdeveloped countries which only come to realise the importance of money capital after a tremendous amount of their wealth has been taken out. Colonialism, that scholar purported, was an inevitable, though not very pleasant, stage of development; it was natural and unavoidable for undeveloped parts of the world.

Attempts to pretty up colonialism were also typical of such American writers as P. Linebarger, H. Hazard, and D. Blackmare. They joined their British colleagues in Praising the "creative" role of foreign capital and the "introducers of innovation"—Western businessmen.

The new historical situation, keynoted by the rapid growth of the national-liberation forces and the emergence of new independent states in the late 1940's and early 1950's, compelled bourgeois science and propaganda to revise their approach to problems of the underdeveloped countries. Besides, it was becoming increasingly obvious that the "civilizing" mission of capitalism was a mere hoax. A question kept cropping up: why had not colonialism, which Western scholars declared to be the only impellent of progress, been able to end the poverty of the millions in the colonies?

To invent justification for the continued poverty in the developing countries bourgeois thought analyses the inner causes of these countries' economic backwardness. Today the main blame for the backwardness is being placed on the countries themselves whose economy is said to generate stagnancy which is further aggravated by "traditional conser-

[1] A. Lenox Mills and Associates. *The New World and South-East Asia*, London, 1949, p. 339.

vatism" and a high "resistance" to progress. This, of course, means resistance to the monopolies' "creative policy".

Such an about-face in Western economics pursued a clearly-defined two-fold aim: to divert the attention of the already independent countries from the real causes of their economic backwardness, which stem from colonial oppression and plunder, and to scare the countries struggling for political independence with the difficulties entailed in independent development so as to keep them possibly longer under colonial exploitation, within the orbit of world capitalist economy.

Studies of the "underdevelopment problem" provided Western ideologists with new ways of vindicating colonialism. Much was done in this respect by the American school of thought which created a number of philosophical "values" which are still the pride of the advocates of the "rich and poor nations" theory.

True, "great discoveries" are not made overnight. At first the causes of economic backwardness in the former colonies were explained in a rather primitive way—by differences in the psychology of the people in the industrial countries and in the developing ones. Very popular at one time was a pretentious "formula of happiness" referred to by Eugene Staley, an American economist, in his *The Future of Underdeveloped Countries.* He writes:

"It has sometimes been maintained that happiness can be expressed as an equation:

$$\text{Happiness} = \frac{\text{Possessions}}{\text{Desires}}$$

"In the Orient, until recently, the standard way to seek happiness has been to cut down on desires.

The West in modern times has sought happiness by increasing possessions." [1]

What conclusions may be drawn from that formula? One is that the more you cut down your desires and the less discontented you are about social injustice around you, the closer you get to the Western ideal of happiness—a high level of consumption. No good is in store for those who are dissatisfied with the existing state of affairs and who attempt to change it. The purpose of "the happiness formula" is to intimidate the peoples of the "third world" with the "automatic nature" of that formula, convince them that it is senseless to struggle for social transformations, and get them to be resigned to their poverty.

Another theory designed to justify the poverty of the working people in colonies and to prove the futility of their independent development was the theory of "vicious circles". Considerable credit for its elaboration belongs to such American economists as H. Singer, B. Higgins, D. Malenbaum, R. Nurkse, and A. Lewis, and two French scholars —H. Simonet and E. Gannagè.

Back in 1949, H. Singer advanced the thesis of the presence of interrelated "vicious circles of poverty" in the economy of developing countries. His views were elaborated on by Ragnar Nurkse who, in an attempt to prove the absence of internal sources of development in the "third world", gave perhaps the first concrete example of the so-called vicious circle of accumulation. According to him, this circle is as follows:

"On the supply side, there is the small capacity to save, resulting from the low level of real income.

[1] E. Staley. *The Future of Underdeveloped Countries.* N. Y., 1954, pp. 20-21.

The low real income is a reflection of low productivity, which in its turn is due largely to the lack of capital. The lack of capital is a result of the small capacity to save, and so the circle is completed." [1]

H. Simonet, having repeated the description of Nurkse's circle almost verbatim, advances two more: "the vicious circle of labour productivity" and "the vicious circle of underexploited resources". He writes:

"A second vicious circle appears as follows: Productivity is not sufficiently high because of the use of outdated equipment. This circumstance stems from a poor ability for investment, i. e., accumulation which, in turn, is a result of a low real purchasing power which is a real income function. If real income is at a low level, it is because of insufficiently high labour productivity." [2]

A third vicious circle appears to be like this: the potential resources of underdeveloped countries are not properly utilized because of the low level of their technical development, and this perpetuates the technical backwardness of these countries.

Some writers managed to invent an even greater number of "vicious circles". E. Gannagè, for instance, turned up six of them. However, the crux of the matter is not in the number of "vicious circles" but in the purpose with which they were invented. And it clearly was to convince the "third world" countries of the impossibility of their independent development, to try to intimidate emerg-

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[1] R. Nurkse. *Problems of Capital Formation in Underdeveloped Countries,* Oxford University Press, 1955, p. 5.

[2] Henri Simonet. *La formation du capital dans les pays sous-développées et l'assistance financière étrangère,* Bruxelles, 1959, pp. 75-76.

ing nations with the difficulties of building an independent national economy.

Deliberate exaggeration of some difficulty (often one that does exist) or of economic backwardness constitutes the point of departure for the theory of "vicious circles". Then more or less related facts are considered, and it is claimed that they fit together perfectly even though their interdependence may be very relative. Finally, lumped together with purely economic factors are such "traditional" ones as "insufficient natural resources", "innate indolence" and ignorance, and caste prejudice—all of which are purported to stunt economic development. Poverty and backwardness, therefore, are declared inevitable concomitants of the economic development of Asian, African and Latin American countries.

And there we have something similar to the well-known sophism: "The more we learn, the more we know. The more we know, the more we forget. The more we forget, the less we know. Why learn then?" That is about the line of Nurkse's reasoning which leads him to conclude: "... a country is poor because it is poor..." [1]

Originally the "vicious circles" theory was intended to prove that the economic backwardness or extremely slow development of the former colonies were caused entirely by factors which were inherent in the very economic and political make-up of those countries. The detrimental role played by "patriarchal structures", tribal disunity, and obsolete social institutions was deliberately exaggerated. The assertion that there were no internal sources of development in the former colonies was

[1] R. Nurkse. *Problems of Capital Formation in Underdeveloped Countries*, Oxford University Press, 1955, p. 4.

given the utmost publicity while their poverty was claimed to be the natural outcome of the "third world" economy. In explaining why the "third world" productive forces were so poorly developed some popular writers resorted to plain mysticism. For instance, the hoe was imparted with greater "conservative resistance" to the introduction of new implements of labour than the modern machine. It was asserted that under the peculiar laws of technology and economics old machines "more willingly" give way to new ones than the hoe which "resists stubbornly". Imperialist exploitation was either disregarded completely or viewed as something rather inconsequential.

The "vicious circles of poverty" theory is one of those "gems" of capitalist propaganda which are still being advocated. It became an integral part of the "rich and poor nations" theory, and is extensively employed by many champions of this theory. True, some of its theses and tenets which were too frankly designed to defend and justify colonialism have been replaced with new ones which have a pretence of objectiveness.

3. A Search for a Universal Formula

In the second half of the 1950's the national-liberation struggle began to snowball and threaten the very foundations of imperialism. Many young national states had set about effecting major economic changes, declaring they were for socialist-oriented development. In view of this, outright defence of colonialism was totally inadequate and, therefore, became outdated. Capitalist ideologists were faced with the task of elaborating theories

that would influence public opinion in the "third world" countries and impel the ruling circles there to tag after capitalism. At the same time the new theories would have to provide, at least outwardly, an answer to the burning problems plaguing the developing countries: how to overcome economic backwardness, to raise the living standard, to find means of independent development, etc. Otherwise, bourgeois science would not be able to perform its main function—to persuade the newly-free states to take the capitalist road.

Western theoreticians had to switch from denying the possibility of overcoming the age-old backwardness of the "third world" countries due to "internal causes" to looking for ways to begin breaking out the "vicious circle". A. W. Lewis, a British scholar, was one of the first to effect such a switch.

His model of a developing country's economy consists of a capitalist economic sector and a natural economic sector, the first being the generator of development. Lewis believes that, unlike industrial countries, economically backward ones have untold opportunities of drawing on a labour force which is supplied by two sources: first, the latent unemployment and agrarian overpopulation in the natural economic sector, and second, the influx of labour from neighbouring countries. According to Lewis, the wage level remains low while the rates of capital accumulation and of the increase of employed population inside the country are about the same. What happens next, in his own words, is as follows:

"The capitalist sector cannot expand in these ways indefinitely... When surplus labour is exhausted, wages begin to rise above subsistence level. The country is still, however, surrounded by

other countries which have surplus labour. Accordingly, as soon as its wages begin to rise, mass immigration and export of capital operate to check the rise." [1]

The capitalist economic sector, which was built mainly with foreign capital, is regarded as the antipode of the stagnant natural economic sector. It is the former that impels progress, but the "faulty" economy of underdeveloped countries with their tremendous army of labour "compels" the foreign businessmen to keep wages at the same level. Neighbouring underdeveloped countries are accused, in passing, of supplying an influx of labour which prevents wages from rising in a country where foreign capital, motivated by supply and demand, would be willing to permit it. And there again we have a "vicious circle", since there are many underdeveloped countries and they all compete with one another on the labour market. Lewis holds that the way out is to limit the influx of labour from neighbouring countries. Actually, his recommendations boil down to attempts to sow enmity in the "third world", to set the newly-independent states against each other, and to split the anti-imperialist front.

But it is one thing to admit the possibility of development for former colonies, as Lewis does, and quite a different matter to show concrete ways of realizing that possibility.

The appearance of views which admitted in principle the possibility of progress for newly-free nations marked the end of the first phase in the ela-

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[1] A. W. Lewis. *Economic Development with Unlimited Supplies of Labour.* On A. N. Agarwala and S. P. Singh's "The Economy of Underdevelopment", Oxford University Press, 1958, p. 449.

boration of the "rich and poor nations" theory which lasted until the mid-1950's.

Beginning with the mid-1950's, the advocates of the "rich and poor nations" theory, without denying the existence of the "vicious circles", step by step began to concentrate on seeking ways of breaking out of these "circles". They were well aware that in the given situation they could only put across their views with the newly-free nations if they were able to offer even illusory recommendations on how to speed the rates of economic development and alleviate burning problems. Having acquired a certain amount of experience in studying internal economic problems of the "third world", the advocates of the "rich and poor nations" theory set about adapting the general economic theory of industrial countries to the peculiar conditions of the former colonies.

With the colonial system rapidly crumbling, imperialist propagandists felt it was vitally important to retain the economic, political, military, and ideological influence over the millions being drawn for the first time into the vortex of public affairs, and to "safeguard" them from succumbing to socialist ideas. The American scholars R. Strausz-Hupé and H. W. Hazard placed the task as follows:

"The right course for the West is not to retreat or 'get out', but to find acceptable solutions in order to stay." [1]

That was how the second phase in the elaboration of the "rich and poor nations" theory began.

Still disregarding the imperialist exploitation of "new nations" and holding the inertia of the "patriarchal structure of society" to be the principal

[1] Strausz-Hupé and H. W. Hazard. *The Idea of Colonialism*, N. Y., 1958, pp. 42-43.

cause of economic backwardness, some scientists (American, particularly) began to concentrate on how to break out of the "vicious circle of poverty" through the accelerated disintegration of the natural economy and removal of the numerous obstacles in the way of capitalist development in the "third world". It was at that time that the theory of initial effort, or the "big push", was first formulated in works by such American scholars as P. Rosenstein-Rodan, M. Millikan, E. Mason, and B. Higgins. Professor Higgins summed it up as follows:

"Hence a minimum effort or 'big push' is needed to overcome the original inertia of stagnant economy and start it moving towards higher levels of productivity and income." [1]

A more pictorial description of how to break out of a "vicious circle" is to be found in the report of a special US Senate commission, which was written with the help of W. W. Rostow, Professor of Economic History at the Massachusetts Institute of Technology.

"Launching a country into self-sustained growth," says the report, "is a little like getting an airplane off the ground. There is a critical ground speed which must be passed before the craft can become airborne." [2]

The name of Walt Rostow is symbolic of a new era in bourgeois economic thought concerned with developing countries' problems. Until then a little-known political economist, he made a sensational career becoming foreign-policy advisor to President Kennedy and then President Johnson, thanks

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[1] B. Higgins. *Economic Development*, N. Y., 1959, p. 384.
[2] *The Objectives of the US Economic Assistance Programme*, Washington, 1957, p. 70.

to his "stages of economic growth" theory which quickly won wide recognition in the West. With certain variations this theory constitutes the heavy artillery of the imperialist powers' political and scientific propaganda even today.

The Rostow theory went over well because it filled a vacuum and showed how to get out of the blind alley in which the advocates of the "vicious circles" theory, who denied any possibility of development for newly-free countries, had landed. Professor Rostow attempted to fill the abstract diagrams of the "faulty economy" theory with concrete historical-economic content, which tallied with the aims of capitalist propaganda at the time.

He divides the entire history of human civilization into five stages: (1) traditional society; (2) the stage of preconditions for growth; (3) take-off; (4) striving to maturity; and (5) mass consumption society. The "take-off" stage is close in essence to the "big push" notion of Rosenstein-Rodan, Millikan and other colleagues of Professor Rostow.

His work entitled *The Stages of Economic Growth* has a subtitle—*Non-Communist Manifesto* which reveals the true meaning and ideological purpose of his research. According to Rostow, the "third world" is much like Europe during the initial period of capitalism, and belongs somewhere between the second and third stages. The third, fourth and fifth stages are described as "modern society".

Rostow ignores the qualitative difference between the socio-economic systems of the industrialized and the developing countries. According to him, the difference between traditional and modern societies boils down to whether the investments are high or low in proportion to the rate of population

increase—whether they are less than 5 per cent of the national income, or as high as 10 per cent or more. Actually, he reduces the entire problem of economic development to one of capital accumulation—to raising the rate of accumulation from, say, 6 per cent to 10 per cent of the national income. Rostow maintains that the growing rate of accumulation will ensure what he calls "self-sustained growth", a state when the increase of new investments will exceed the rate of population increase in a given developing country, while the country's development will be on the order of a perpetual motion machine actuated by the impetus obtained at the start. This impetus is to come from advanced capitalist countries' investments.

It would be wrong to deny the importance of studying the problem of capital accumulation in the "third world". Rostow was the first Western economist to attempt to provide a general recommendation on that subject, and a quantitatively-defined one at that. He rejects the view that the economic stagnancy of developing countries cannot be overcome. In picturing their progress by "stages" he not only operates with concrete technico-economic indices but also makes recommendations as to what branches of the manufacturing industry should be developed to procure internal means for capital accumulation.

However, taken as a whole, the "stages of economic growth" theory is faulty methodologically and unscientific in general. It views historical progress not as the outcome of one socio-economic structure replacing another but as a result of improvement of the technical apparatus, the technology of production, which leads to the formation of a single "mass consumption society".

In this way he smuggles in the idea of a "merg-

ing" between, or "convergence" of, socialism and capitalism while the five stages are supposed to generalize the historical development of the world. The fundamental difference in class character between capitalism and socialism is being ignored on principle. The notion of socio-economic structures is applied only to the feudal system and to capitalism. Socialism is viewed as an "anomaly", or as "growing pains", occurring between the third and fourth stages and gradually eliminated in the process of formation of a "mass consumption society". According to Rostow, social change is needed only to overcome the vestiges of the feudal system.

Rostow's approach to the backwardness problem is very typical of apologists for imperialism. He does not trouble himself to ascertain what causes the shortage of capital investments in the "third world". All his recommendations are aimed at showing that the newly-free countries can only continue to develop in cooperation with leading capitalist powers, and that encouragement of foreign capital and private enterprise is a basic prerequisite for their economic growth. He considers ". . .income shifts from those who will spend (hoard or lend) less productively to those who will spend (or lend) more productively. . ." [1] as a highly practical means of increasing the rate of capital accumulation and capitalist development. Actually, he advocates measures to vitalize the operation of local and foreign capital in the "third world". His ultimate aim is to induce the countries of Asia, Africa and Latin America to follow in the footsteps of the West. According to Rostow, the leading capitalist powers, the United States above all, show

[1] W. W. Rostow. *The Stages of Economic Growth,* Cambridge University Press, 1966, p. 47.

mankind the way to a "paradise of consumption" and are the model and vehicle of progress.

Rostow also errs when he draws a parallel between the conditions in Europe in the period of early capitalism (when the second stage was passing into the third one, according to his terminology) and in the "third world" today. Such an analogy is far-fetched because it overlooks the specifics of the multisectoral economy of the developing countries and the impact of the current scientific and technological revolution on all social aspects of their life.

Incidentally, Rostow is not original in stressing the need to increase the rate of accumulation in passing from one stage to the next. He has borrowed Marx's theses on simple reproduction typical of the feudal system being replaced by extended reproduction, that is typical of capitalism, and on the need to increase the rate of production accumulation as a prerequisite of the capitalist mode of production. Besides, current developments show that despite a 10 per cent average annual rate of accumulation, developing countries do not experience any appreciable "upsurge". This is fresh proof of the correctness of the Marxist-Leninist thesis that it is necessary to effect social reforms first of all, and not technico-economic ones, in newly-free countries to achieve their economic independence and to rid them of exploitation by foreign capital both within these countries and on the international scene.

Life forcefully refutes Rostow's views on socialist transformation as a "morbid deviation" during the transition from the second to the third stage. The example of the German Democratic Republic and Czechoslovakia, which, by the way, Rostow himself puts in the "mature countries" category,

shows how biased and fallacious the "stages of economic growth" theory is. Contrary to what Rostow would like to see, these two countries have not lost a single one of their socialist gains; moreover, they are rapidly building an advanced socialist society.

Although Rostow's theory has quite a few opponents among his Western colleagues (for instance, such US scholars as S. Kuznets and J. Lewis), it has become rather widespread in some of the young national states and is viewed favourably by the ruling circles there.

Concerning that theory, R. Mikesell, an American economist who studies "aid" problems, writes:

"The concept of 'take-off into self-sustained growth' has become a part of the standard lexicon of foreign-aid policy makers and is generally employed in literature of development economics, even by those who have serious doubts regarding the validity of the entire concept. It is difficult to think of any concept which has been subjected to a great barrage of criticism and yet has not only survived in the literature but continues to have an enormous impact on development policy." [1]

Whereas the general theory of economic development advanced by W. Rostow has, on the whole, never gone beyond scholarly discussions, his thesis of Western economic "aid" as a means of breaking up the "vicious circle of poverty" and accelerated capitalist development in the "third world" has served as a basis for the economic policy of the US Government and specialized agencies of the United Nations. Both are still guided by that thesis in their practical work. To criticize Rostow's views on the "aid" strategy amounts to questioning the official

[1] R. Mikesell. *The Economics of Foreign Aid*, London, 1968, p. 39.

government policy of "assistance to the poorer nations".

Rostow's theory, elaborated on the threshold of the 1960's, became the corner-stone of the "rich and poor nations" doctrine. His theory best suited the interests of US monopoly capital which strove to keep developing countries economically dependent on it. To a certain extent, the "stages of economic growth" theory served as the theoretical programme of neo-colonialism. The appearance of that theory in the early 60's marked the end of the second stage in the evolution of the "rich and poor nations" doctrine. The third, current stage is characterized by efforts to streamline the doctrine.

4. Emphasis on Difficulties

With the world socialist system becoming the determining factor of world development, and the collapse of the colonial system, the Western monopolies were forced to seek new, more veiled ways of exploiting developing countries. The imperialist powers were badly in need of new theoretical dogmas on which to base their political and economic strategy with reference to the "third world".

The emergence of numerous newly-independent states in the early 1960's, their just demands for compensation for the damage caused by colonial plunder, and their broadening cooperation with socialist countries confronted the originators of the "rich and poor nations" theory with new tasks. In the beginning they concentrated on separating the problem of the poverty of the colonial periphery from the true reasons for the affluence of the monopolies, and persuading the "undeveloped nations"

to wait for benefaction from the imperialist powers. Today, however, the "rich and poor nations" theory is spearheaded chiefly against the growing influence of the world socialist system on the national-liberation movement. Anti-communism is becoming the principal guideline of that theory.

Western ideologists try to pass off the mutually beneficial cooperation and disinterested assistance offered to developing countries by the Soviet Union and other members of the socialist community as a kind of "pay-off" or "payment of a moral debt" to "poor nations". Alarmed by the growing popularity of the non-capitalist way of development, which ensures genuine economic progress for developing nations, bourgeois theoreticians do their utmost to spread rumours about the alleged "expansionist intentions of the communists".

What is the main argument of the originators and advocates of the "rich and poor nations" theory today?

Basing themselves on Rostow's "stages of economic growth" theory, they maintain that economy should be the main object of research with regard to the developing countries. To persuade these countries to accept Western standards they laud the advantages of the capitalist mode of development. Western economists, meanwhile, are busy devising methods, forms and means of capitalist development for the "third world". They assert that since the developing countries have very limited internal means of accumulation, foreign capital injections are the only answer. That is, allegedly, the only way of ensuring an "impetus for development". The actual aim of such assertions and allegations is to perpetuate the developing countries' dependence on foreign capital. They are told that this is the only way to provide the prerequisites for

an "upsurge" and ensure accelerated economic development. All the advocates of the "rich and poor nations" theory view Western "aid" as the only "generator of progress" without which developing countries would suffer economic chaos and upheavals.

Since in Western literature the notion of "aid" covers both loans and grants extended by the state and private investments, all who advocate "aid" to the "third world" appear at first glance to be completely like-minded. Actually, there are two different views on the place of the former colonies in the world today and the role of "aid", and both come within the framework of one and the same philosophical doctrine.

One view is that the developing countries comprise an integral part of the world capitalist system, that they are its "backward area" and are a drag on the rest of the capitalist world. Like advocates of the "vicious circles" theory the exponents of this view are inclined to attribute the poverty of those countries to a "lack of private initiative and enterprise". For instance, C. L. Sulzberger, the well-known American journalist, accuses the "third world" of being inactive, even inert. He writes:

"But, while it is convenient to blame the broadening poverty gap on wealthier lands who believe either that charity begins at home or that it should serve a political purpose, major responsibility remains with the developing lands themselves. On the whole they have shown less talent for administration and self-improvement than had been hoped." [1]

According to this group of theoreticians, the principal aim of "aid" is to revitalize "enterpris-

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[1] *The New York Times.* Febr. 24, 1971, p. 37.

ing initiative" which only private capital is capable of doing. They have blind trust in the "vitalizing" ability of "free enterprise" and the "infallibility" of the spontaneous regulating mechanism of the market. Therefore, they are for curbing state economic activity in developing countries as much as possible and encouraging the operation of private capital there in every way. They feel that the way to overcome backwardness is for national governments to create a "favourable climate" for private investment by extending all sorts of privileges and guarantees, against nationalization, to foreign monopolies. They also propose that their own governments set up a preferential treatment system for the export of private capital.

That is the view of the most conservative wing of the exponents of the "rich and poor nations" theory.

One of their main formulas for developing countries is expressed as "independence within the framework of interdependence." This formula amounts to representing the one-sided development of export branches as a kind of boon, a tangible advantage of the international division of labour which is to the interest of both underdeveloped and industrial countries.

According to these theoreticians, only private capital is capable of transforming the economy of the capitalist world's "backward areas", and the export of state capital in the form of loans and grants should be resorted to only as a subsidiary means. They criticize their governments for encroaching on the sacred principle of free enterprise and for what they term "overindulgence" in state-granted "aid". Their unbounded confidence in the "superiority" of private initiative often leads to wishful thinking. They regard the assistance offered by so-

cialist countries as doomed to fail precisely because it is exclusively state-granted.

Their appeals for "economic freedom" conceal brazen anti-communism. Countries which extend their ties with socialist states are intimidated with the threat of being deprived of Western "aid". Even government bodies are urged to exert pressure on such countries and not to stop short of using force to "curb communist expansion". The said theoreticians view the role of the capitalist state with respect to "aid" as that of supporting anti-popular regimes and drawing developing countries into aggressive military blocs.

Exponents of the second view, who constitute the majority of the advocates of the "rich and poor nations" theory, maintain that the "third world" is equally far removed both from capitalist and socialist countries. It is gripped by "insurmountable" problems connected with the shortage of food and other necessities, the unprecedented "population explosion", illiteracy, and the lack of elementary medical care. Therefore, it is asserted, class contradictions are not typical of developing countries. To them the main antagonism is "between the sated North and the hungry South".

These people regard themselves as "realists". Realizing that the world socialist system is having a growing impact on newly-free peoples, they do not exclude the possibility of the latter taking a non-capitalist road of development. And that is where, according to the "realists", state "aid" comes in. They hold that "aid" through state channels is superior to private investment since it does not envisage immediate profits. The prime aim of such "aid", they maintain, is to cushion the contradictions between the industrial and the developing countries, "forestalling world communism's pene-

tration", and to foster the local bourgeoisie. The "realists" urge "rich" nations to do about as much for "poor" nations as the ruling circles of the affluent countries do for "their" workers in order to ward off revolutionary aspirations.

Thus, Western "aid" is being passed off as a kind of social security system for poor nations which is financed by rich nations in the same way as social reforms are financed within the capitalist states themselves. In reality, however, the imperialist powers are motivated not by any feeling of "compassion" for the "third world" but by fear of revolutionary transformations and the growing popularity of socialist ideas among the working people there. The "realists" propose to buy off the peoples of the young Asian, African and Latin American states by giving them extensive "aid" and making certain concessions designed to alleviate contradictions between the industrial and developing states and to keep the latter within the capitalist economic system.

Whereas the conservative group of theoreticians are out-and-out anti-communists who openly advocate colonialism in its original form, the "realistic" group are for more circumspect methods of economic enslavement and ideological indoctrination of the people in developing countries. The growing popularity of socialist ideas among the progressive sections of the people in Asia and Africa forces the "realists" to admit the possibility of socialist orientation for developing nations. In this the "realists" differ radically from the "conservatives" who completely deny the possibility of such orientation. However, the former need the false front of "progressiveness" only for a more subtle defence of capitalism, for challenging the effectiveness of the socialist way of development, and for

discrediting the idea of cooperation between young national states and socialist countries.

To build up their ideological capital the advocates of the "rich and poor nations" theory sometimes resort to propaganda stunts. For example, in 1945, when the International Monetary Fund was being set up, the Soviet delegation exposed the imperialist powers' manoeuvres to draw the USSR into an organization which was to become a major instrument of neo-colonialism. Soviet representatives refused to sign the IMF Charter when it became clear that the USA planned to make that organization a medium of imperialist *diktat*. Even so, from time to time bourgeois ideologists come up with proposals to set up a "universal organization to render aid to poor nations" which would include both capitalist and socialist countries, based on the preposterous idea of "equal responsibility". It is easy to see that such projects are intended to shift a part of the blame for the imperialist exploitation of the "third world" onto the socialist countries and to prevent them from conducting an independent policy of cooperation with newly-free nations in keeping with the principles of proletarian internationalism.

The above shows that the subdivision of the advocates of the "rich and poor nations" theory into "conservatives" and "realists" is very relative. They all seek to besmirch world socialism, accusing it of selfish aims in Asia, Africa and Latin America.

They are also like-minded on Western "aid" being an effective instrument for attaining political and economic influence in the "third world". Both "conservatives" and "realists" consider that the main cause of the "poverty" of the newly-free countries is a complex of internal "obstacles hampering development". Both do their utmost to dis-

regard the matter of capitalist exploitation. The basic difference between their views is that one group advocates all manner of "aid" through private investment, while the other favours using mainly state channels.

There is a degree of specialization among the exponents of the "rich and poor nations" theory. Affirming the priority of some problems over others they argue heatedly as to which of the "disincentives" should be considered of prime importance and, in view of that, how Western "aid" should be used: to expand industry, or to develop agriculture, or to increase employment, or to remedy the effects of the "population explosion", etc.

In line with Rostow's approach one group of advocates (W. Guth, R. F. Behrendt, R. Mikesell, H. Johnson, et. al.) regard "aid" of prime importance as an instrument of procuring means of accumulation. There is no doubt of the importance of this, since foreign investments make up an average of 20 per cent of fresh capital investments in the developing countries. Furthermore, this percentage varies widely from country to country and from continent to continent.

The growing dependence of young national states on the flow of capital from abroad makes it easier for Western theoreticians to advertise "aid" as a "vital element of modern international relations." Along with open apologists for imperialism who depict the "aid" as "efforts by the Western powers to discharge their moral responsibility", there are objectively-minded investigators who admit that this "aid" is more on the order of compensation for the economic damage done than an outburst of generosity. These investigators call for greater "aid" in an attempt to win over public opinion in the former colonies. This is the conclusion reached

by a commission of experts of the International Bank for Reconstruction and Development which is dominated by US capital. The commission headed by Lester Pearson, former Prime Minister of Canada, exposed and criticized some shortcomings of the "aid" policy. It suggested, as a constructive measure, that Western "aid" be considerably expanded in the next 10-15 years so that, as the report put it, it could outlive itself, giving way to the investment of a large flow of private capital in the "third world" where conditions for such investments are not quite favourable today. The report also says:

"In most industrialized countries there are influential voices advocating that private investment could and should replace official aid flows... It is fundamental to our strategy that the need for aid should eventually subside. Direct investment and access to (private) capital markets would then increasingly meet the demand for development finance. But for most developing countries this is not possible in short term." [1]

The authors of the report believe that to speed this process "... developing countries should take immediate steps to identify and remove disincentives to domestic private investment; ... should preserve the greatest possible stability in their laws and regulations affecting foreign investment; ... should structure their tax systems so as to encourage profit reinvestment by foreign companies; ... should establish positive incentives for all companies, foreign and domestic, to share ownership

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[1] *Partners in Development. Report of the Commission on International Development.* Lester Pearson, Chairman, New York, Washington, London, 1969, pp. 122-123.

with the public by sale of equity in suitable forms." [1]

Actually, the governments of the developing countries are told to give up control over the activity of foreign and domestic monopolies, and to let them have the taxpayers' money in the form of loans from the budget, thereby giving them the opportunity to exploit the peoples of the "third world".

The US Government is already acting on the recommendations of the Pearson commission. President Nixon has announced a revision of the traditional aid policy with a view to stepping up the export of state-monopoly capital and speeding the development of capitalism in newly-free countries. This shows once again the absence of any essential difference in the views of theoreticians advocating the predominant export of private capital, and those giving priority to states investment.

A comparatively short time ago a new group, one specializing in the study of agricultural problems in developing countries, branched off from the mass of advocates of the "rich and poor nations" theory. The attention of this group is centred on the food problem which has now become extremely acute. From being a traditional supplier of foodstuffs to Western markets the "third world" has turned into an importer of the same.

The conservative writers are giving a great boost to the US-sponsored Food for Peace Programme. They maintain that with the systematic overproduction of agricultural commodities in the United States the state export of cereals from that coun-

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[1] *Partners in Development. Report of the Commission on International Development.* Lester Pearson, Chairman, New York, Washington, London, 1969, p. 123.

try both alleviates the marketing problem and helps to spread the image of a "generous and noble America" in the "third world".

The overwhelming majority of advocates of the "rich and poor nations" theory, however, realize how utterly unattractive such programmes are to newly-free peoples who do not want to live as dependents of the imperialist powers and who seek their own solution to the food problem. These theoreticians propose to give agrarian improvements priority over industrial ones. They maintain that industry should develop only to the point of being able to take care of agriculture's requirements for fertilizer and small machines. They recommend that Western state "aid" be used to set up large capitalist-type farms. These theoreticians seek to persuade developing countries that industrialization and the transformation of the countryside along socialist lines are not the answer for them. Such ideas are professed by C. Clark, a British scientist, D. Thorner and J. Neely, US scholars, C. Kerner and T. Bergmann, West German agrarian experts, and others.

These ideas are most lucidly formulated in a collection of articles by American and West German economists published under the title *Agricultural Development and Economic Growth.*

One of the articles begins with the following observation:

"...In earlier stages of development particular importance attaches to measures that raise productivity of the existing resources of labour and land in agriculture." [1]

Further on it is asserted that "... evidence points

[1] *Agricultural Development and Economic Growth.* Edited by H. M. Southworth and B. F. Johnston, New York, 1968, p. 12.

strongly to the value of a mixed structure of relatively small and flexible units in developmental stages of agricultural expansion." [1]

And finally the following conclusion is arrived at: ". . .Considering all this, can land reforms be a good thing if peasants are unready? Of course, but the favourable effects on development will be agonizingly slow . . ." [2]

The reader is told that the agriculture of the developing countries is not yet ready for socio-economic reforms, and that it needs an increase in small farming which, it will be recalled, is breeding ground for capitalism. Besides, bourgeois scholars try to substitute technical-economic recommendations for the solution of social problems. The authors of that collection of articles place much hope on the so-called "green revolution" which, in their view, is capable of putting an end to backward agrarian relations in the developing countries and solving all their problems without a social revolution.

And what is the actual state of affairs?

It is true that very high-yielding varieties of cereals evolved by the Canadian scientist Norman Borlaug, Nobel Prize winner, made it possible in several regions of India, Pakistan and Ceylon, to raise the output of wheat by 20-50 per cent, and that of Indian corn—four or five times. In spite of that, however, social problems became all the more acute instead of diminishing. Afraid of appearing to be confirmed reactionaries, the authors of the above collection do not deny the need for agrarian reforms, but recommend going about them slowly,

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[1] *Agricultural Development and Economic Growth*. Edited by H. M. Southworth and B. F. Johnston, New York, 1968, p. 297.
[2] *Ibid.*, p. 316.

by way of "natural evolution", which in the long run will lead to greater inequality in the peasants' property status and to the development of capitalism in the countryside.

Obviously, isolated, even large-scale, measures to raise labour productivity in agriculture cannot bring about radical changes either in the basis or superstructure of the developing countries. Only consistent agrarian reforms for abolishing private ownership of landed estates are capable of putting an end to the obsolete pre-feudal and feudal relations, developing large-scale production in the countryside, and making cooperative forms of farming really widespread.

Some of the "rich and poor nations" theory exponents specialize in demography and population employment. They include J. Winner and H. Singer of the United States, A. Sauvy and G. Otrui of France, and E. Donges, F. Baade and T. Ruprech of West Germany.

J. Winner, who considers himself a champion of progress, summed up their views as follows: population growth becomes particularly dangerous when the rate at which mortality decreases owing to the use of modern technology in health services begins to exceed the rate at which the employment of population increases. It follows that highly important social welfare measures capable of increasing people's life span in the former colonies are one of the chief obstacles to economic progress.

What do the above theoreticians advise in practice? They recommend setting up isolated economic units whose main purpose is to ensure full employment on the basis of a primitive form of manual labour cooperation. In this way they propose to perpetuate the primitive commune in Asian, African and Latin American countries in its pre-

sent form, thereby preserving the extremely low level of labour productivity. And they deliberately avoid mentioning that it is necessary for the peasants to form cooperatives on the basis of modern, highly productive technology. For instance W. Gordon, an American scholar, recommends that the "third world" import outdated and discarded but "...cheap machinery from industrial countries to expand employment opportunity." [1]

All sorts of new-fangled modifications of the "rich and poor nations" theory have sprung up lately in connection with the swift scientific and technological progress. They deal with "horrors" of technological progress which leaves developing countries no alternative but to submit to the "*diktat* of inexorable laws of technology". For instance, Professor G. E. Hufbauer, an American scholar, asserts that advanced technology perpetuates an advanced country's industrial status, while operation under the new industrial laws is too much for an underdeveloped country. Professor Hufbauer's reasoning resembles somewhat the wise discourse on the "natural conservatism of the hoe" so popular at one time with the exponents of the "vicious circles" theory. Unadorned technicism so typical of bourgeois economic science in general is again being resurrected and adapted to the requirements of the age of the scientific and technological revolution.

And yet, there are Western scientists who admit the importance of profound research into the socio-economic problems of developing countries. This is especially true of the liberal-bourgeois group of the "rich and poor nations" theory expo-

[1] W. Gordon. *The Political Economy of Latin America*, New York, 1965, p. 283.

nents. Gunnar Myrdal, the Swedish economist, is a prominent member of this group.

The author of many works which show him to be an expert on "third world" problems, in recent years G. Myrdal has written a three-volume study entitled *Asian Drama* with a subtitle—*An Inquiry into the Poverty of Nations*. The work, comprising over two thousand pages, examines social, economic and political changes in South Asia after the Second World War. It is an attempt, from the standpoint of a bourgeois economist and sociologist, to delve into the causes of the present economic situation in developing countries.

G. Myrdal conceives of "the situation in each South Asian country—as in any other country—as a social system." [1] Therefore, he rejects the view that capital investments can remedy unemployment and agrarian overpopulation in the developing countries. He soundly criticizes reliance on the "green revolution", justly observing that improved varieties of cereals cannot replace an agrarian reform, but that talk of them is being used to obviate the idea of such a reform. With unconcealed scepticism and even sarcasm the Swedish economist speaks of "universal econometric models" for the development of the "third world". Besides ignoring the obtaining social conditions, these models blindly attempt to transplant the laws typical of developed capitalist countries to the alien soil of South Asian reality without duly adapting them to the specific conditions in that part of the world.

G. Myrdal castigates Western "aid" which often pursues political and military aims. He suggests that America's allocations for South Vietnam and

[1] G. Myrdal. *Asian Drama. An Inquiry into the Poverty of Nations*, New York, 1966, Vol. 3, p. 1859.

South Korea more properly come under national defence spending than "aid". He also exposes the illegitimacy of including private investment under the heading of "aid", and warns about the highly dangerous situation, such as is the case today, when payments on debts plus interest paid on loans begin to exceed receipts from "aid".

As though summing up his criticism of the methodology of his Western colleagues, G. Myrdal writes:

"...'Economic' policies are undoubtedly easier to carry out than are social policies that challenge vested interests, violate deep-seated inhibitions, offend cherished traditions and beliefs, and work against the heavy weight of social inertia. If, however, development policies are, for these reasons among others, mainly directed at economic development in the narrow sense, they will prove less than effective." [1]

However, Myrdal's objective analysis of the developing countries' main problems stops there. Further on it becomes cramped by the limitations of a bourgeois liberal critic of imperialism. The Swedish scientist pins idealistic hopes on "moral censure" by "poor nations" of injustice in international relations. He overrates what can be attained by high-sounding appeals to kindness in the predatory world of capitalism. And as for his views of a future when Western "aid" to developing countries is given for purely moral reasons, they are simply utopian.

Myrdal's class-serving aims are revealed in his recommendation of a capitalist way of agricultural development for Asian countries. Thus, even

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[1] G. Myrdal. *Asian Drama. An Inquiry into the Poverty of Nations*, New York, 1966, Vol. 3, p. 1907.

honest bourgeois scientists, such as Gunnar Myrdal, are unable to break out of the confines of the hard-set dogmas of Western science. Their class bias prevents them from taking a scientific view of contemporary life, or progressive trends of social development, or the role and place of the national-liberation movement in the world today.

5. Self-Portrait of the "Third World"

Thus far we have discussed different views within the "rich and poor nations" theory which reflect the interests of monopoly capital in the leading imperialist powers. That theory, however, is not just for domestic consumption: it is intended for the developing countries as well. The ruling quarters of the capitalist world use it to try to brainwash the millions and keep them within bourgeois ideology's sphere of influence. The views on developing the state sector and effecting agrarian reforms, the seeming appreciation of the peoples' vital interests, the technico-economic recommendations, and such-like things are often readily accepted by the ruling circles of the national bourgeoisie in developing countries and used for propaganda purposes.

At the early stage of the colonies' struggle for political independence their national bourgeoisie demanded that the operation of imperialist monopolies be restricted. At the time its ideologists criticized boldly the more outdated notions of the "third world" held by Western science and even demanded that the unequal position of the underdeveloped countries in the world capitalist economy be rectified.

Ideologists of the national bourgeoisie still criti-

cize the discriminatory policy practised by the leading imperialist powers in respect to former colonies, and still point out "injustices" in inter-state relations in the capitalist world. But their criticism is limited by class interests.

When the former colonies gained their independence, thereby lessening the pressure of foreign capital, the national bourgeoisie began advocating equal partnership with the Western monopolies. It did not want to completely do away with imperialist economic domination; it only demanded a certain reshuffling of the distribution of profits extracted by foreign monopolies and advocated reforms for somehow "evening its chances" in the competitive struggle and consolidating its position.

When it comes to choosing the road of development for newly-independent states, the spokesmen for their national bourgeoisie and those for the monopolies are like-minded—they are for accelerated capitalist development.

In this context it is appropriate to recall Lenin's assessment of the national bourgeoisie's dual nature. ". . . While it does support the national movement," he writes, "it is in full accord with the imperialist bourgeoisie, i. e., joins forces with it against all revolutionary classes." [1]

The nationalist philosophical trend has a fairly large number of advocates in developing countries. The best known of them are Raúl Prebisch and Celso Furtado, Latin American economists; V. K. R. V. Rao, J. Bhagwati, P. Singh, and V. V. Bhatt of India; and G. B. Ajayi and A. Alawiye of Nigeria.

Let's consider the views of Raúl Prebisch, the Argentine scholar, since they contain an interpre-

[1] Lenin. *Coll. Works,* Vol. 31, p. 242.

tation of "rich and poor nations" problems that is typical of the trend in question. Incidentally, the policy of the UN Conference on Trade and Development during the first decade of its work (1960-70), was based on Prebisch's views since he was Secretary General of that world organization at the time.

"If by 'the community' only the great industrial countries are meant," he writes, "it is indeed true that the benefits of technical progress are gradually distributed among all social groups and classes. If, however, the concept of the community is extended to include the periphery of the world economy, a serious error is implicit in this generalization. The enormous benefits that derive from increased productivity have not reached the periphery in a measure comparable to that obtained by the peoples of great industrial countries. Hence, the outstanding differences between the standards of living of the masses of the former and the latter, and the manifest discrepancies between their respective abilities to accumulate capital." [1]

It can be seen from the above that Prebisch accepts the basic tenet of the "rich and poor nations" theory whereby the world is divided into two groups of countries depending on their level of per capita income. Furthermore, he proceeds from the assumption that the benefits of technological progress are evenly distributed among all the social groups and classes of advanced capitalist countries, i. e., that benefits are received by all strata of society and not just the imperialist monopolies.

Prebisch's model of the world (and not of the capitalist economy) consists of the industrial centres

[1] R. Prebisch. *Economic Development in Latin America and Its Principal Problems*, "Economic Bulletin for Latin America", Febr. 1962, Vol. VII, No. I, p. I.

and the economically-backward periphery. It is a world of exploitation, for:

"Advantages of technical progress have been mainly concentrated in the industrial centres and have not directly extended to the countries making up the periphery of the world's economic system... That is the clue to the phenomenon whereby the great industrial centres not only keep for themselves the benefit of the use of new techniques in their own economy, but are in a favourable position to obtain a share of that deriving from the technical progress of the periphery." [1]

As a result, the centres get the highest wages and the highest commodity prices, including exports. In the periphery the wage level is unchanged, and the export prices are low.

Prebisch has been able to provide statistics showing that the trading conditions, i. e., the balance of export and import prices between Latin America and the imperialist powers, are deteriorating. But let's see how he explains the centres' exploitation of the periphery in foreign trade.

In the first place, he attributes it to the operation of "monopoly markets and trade unions" in the centres which maintain the high prices on finished products. Meanwhile there are greater freedom of competition and labour surplus in the periphery. Thus Prebisch puts the proletarian struggle in world imperialist centres and "monopoly markets" in the same boat.

In the second place, he attributes it to the operation of the supply and demand mechanism. He presumes there is a greater demand for import in the periphery than in the centres. Therefore, deve-

[1] R. Prebisch. *Economic Development in Latin America and Its Principal Problems*, "Economic Bulletin for Latin America", Febr. 1962, Vol. VII, No. I, pp. 4, 6.

loping countries' export lags behind their import, which compels them to depress export prices in order to sell more of their traditional export goods. Prebisch does not examine, however, the question of a monopoly *diktat* with respect to prices on the world market—the real cause of the plunder of developing countries in foreign trade.

Prebisch is one of those who believe that former colonies need industrialization and a revision of the inherited specialization in agricultural and raw material production. However, like other bourgeois ideologists, he considers methods of socialist industrialization unsuitable for the "third world".

While his outline of economic policy in the period of industrialization contains elements of a realistic appraisal of difficulties to come, generally speaking, it does not transcend the confines of bourgeois reformism. The following are the more important of his recommendations:

1. He maintains that "the primary exports must not be sacrificed to further industrial development. If productivity in agriculture can be increased by technical progress and if, at the same time, real wages can be raised by industrialization and adequate social legislation, the disequilibrium between incomes at the centres and the periphery can be gradually corrected without detriment to that essential economic activity." [1] While taking a sound view of the need for developing countries to preserve, at an early stage, their export specialization as the only steady source of foreign currency for the time being, Prebisch pins his greatest hopes on technological progress proper and on certain legislative reforms.

[1] R. Prebisch. *Economic Development in Latin America and Its Principal Problems*, "Economic Bulletin for Latin America", Febr. 1962, Vol. VII, No. I, p. 3.

2. He urges joint measures by Latin American countries to develop and coordinate industry so as to avoid developing identical branches in neighbouring countries.

3. He points out correctly that the cyclic nature of production in the USA and Western Europe causes the unevenness and fluctuation of demand for the developing countries' products and increases the instability of their internal economic situation and foreign trade. Therefore, he recommends that the developing countries should proceed to elaborate a common "plan of protection" against the harmful effects of the world capitalist market situation.

Prebisch's views on the need to promote the cooperation and combine the efforts of Latin American countries contain rational elements. However, his approach to the problem is class-limited. He seems not to realize that without a resolute rebuff to world monopoly domination and without fundamental social transformations unilateral action by developing countries cannot yield the desired effect. At best it will succeed in lessening the difficulties arising due to crisis-producing changes on the world market bossed by powerful imperialist concerns.

Besides, Prebisch perceives the presence of discrimination only in foreign trade, whereas imperialist monopoly domination applies to the developing countries' industry and agriculture as well.

Contrary to well-known facts, the Argentine economist has, in recent years, popularized the view that the striking difference between the centres and the periphery is gradually disappearing. Such an evolution of views confirms Lenin's thesis that it is possible for bourgeois nationalism to edge over towards the ideology of monopoly capital.

Another vivid example of the closeness between the positions of the spokesmen for the "third world" national bourgeoisie and the bourgeois ideologists of the industrial countries is provided by the views of the Indian economist V. K. R. V. Rao. In his works the "rich and poor nations" theory appears in its almost pure form. The better known of his works, *Essays in Economic Development,* begins with the following statement:

"...The industrialized countries are not as 'well off' or as 'much better off' in comparison with the underdeveloped countries as may appear ... in current U. N. publications." [1]

Rao shows a lack of insight in questions concerning the essence of exploitation in the capitalist world and means of abolishing it. Like most Western theoreticians, he asserts that "exploitation in a technical sense, i. e. getting the community to save when it would rather consume, cannot be avoided: but it has got to be done on a voluntary basis." [2]

In reality, exploitation in the developing countries is compensation-free appropriation by foreign and local capital of the surplus value created by the workers and of the surplus products created by the peasants and artisans. Substituting a new notion of "exploitation" for the well-established one—a discrepancy between consumption and accumulation —is an attempt to blur the essence of capitalist exploitation and represent it as a transient phenomenon.

The final conclusions arrived at in his work are in the spirit of the "rich and poor nations" theory.

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[1] V. K. R. V. Rao. *Essays in Economic Development*. Bombay, 1964, pp. 103-104.
[2] *Ibid.*, p. 195.

Rao considers that both the Western and the "Soviet" worlds must utilize their resources and technology to solve the food problem of the "third world". In his opinion, "what is needed is a vast and profound change... in the psychology of that part which is now nearing the status of an affluent society." [1]

Like the majority of the "rich and poor nations" theory exponents, Rao maintains that the socialist countries have moral obligations to the "third world" (but, of course, he forgets that these countries never exploited other peoples). And he denounces the principle of proletarian internationalism which governs the socialist countries' collaboration with developing countries.

Celso Furtado, former Brazilian Minister of Planning, holds somewhat different views from those of Prebisch and Rao. In his works, *A Project for Brazil* and *The Theory and Policy of Economic Development* he examines the causes of Latin America's economic backwardness. A major cause, he holds, is that "conglomerates with centres usually in the United States" are firmly entrenched in Latin American economy. [2]

In other words, imperialist exploitation of the "third world" through economic penetration by Western capital and the siphoning off of profits is the chief brake on Latin America's independent development.

Unlike R. Prebisch, Furtado considers polarization of wealth and poverty on a global scale a

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[1] V. K. R. V. Rao. *Essays in Economic Development*, Bombay, 1964, p. 322.
[2] Celso Furtado. *Um projecto para o Brasil*, Rio de Janeiro, 1968, pag. 132.

"leading and fast-growing tendency".[1] However, when it comes to methods of overcoming economic backwardness and considering the future of developing countries, the author's class positions become obvious at once. He regards state regulation of private capital's operation as the key to economic independence and regards it essential that "third world" development be capitalist-oriented.

The Brazilian economist's views bear the imprint of typically Latin American economic conditions keynoted by the domination of US capital. In Brazil there are also monopolistic unions of local big capitalists, and it is their interests that Furtado upholds. In an attempt to conceal this fact he calls these capitalists "national proprietors", thereby also trying to dull the vigilance of the progressive forces in the face of the growing danger of monopolization of the country's economy. Furtado calls for greater state intervention in the economy in order to protect young local monopolies from the pressure of the stronger competitors.

Nearly all ideologists of the national bourgeoisie claim that their views are applicable to any developing country. In actual fact, however, it is easy to see that their views are one-sided due to the specific development conditions of the particular country they represent.

Latin American researchers tend to give priority to problems connected with their countries' economic dependence, since it is in foreign trade that these countries experience the greatest difficulties and suffer tremendous losses due to non-equivalent exchange. For instance, the share of Latin America in the capitalist world's export dropped from 7.1 per cent in 1960 to 4.9 per cent in 1970, whereas

[1] Celso Furtado. *Teoria e politica do desenvolvimento economico*, Sao Paulo, 1969, pag. 262.

the relevant share of Asia and Africa remained practically unchanged. Seen in this light the growing worry about the weakening position of the local bourgeoisie in the international arena, and the attempts to get the national governments to exert pressure on foreign monopolies are quite understandable.

Although monopoly conglomerates have already appeared in such countries as Pakistan, India and the Philippines, the Asian bourgeoisie on the whole is in the process of formation. Emphasis on research into the causes of poverty is typical of the ideologists of the Asian bourgeoisie—they are almost unanimous in blaming colonialism for it. But even more typical is research into conditions necessary for "self-sustained growth". Above all, this concerns solution of the sources-of-accumulation problem, that is, procuring means for economic development.

In their works these ideologists dwell at length on "aid" and accumulation, since in Asian countries these problems are felt more keenly than in Latin America. The limited financial resources of national capital compel its learned spokesmen to appeal to the "kindness and generosity of rich nations", and also to recommend, to use Rao's term, the "self-exploitation" of the working people. Infringement on people's living conditions constitutes a gold-mine for the local bourgeoisie in such populous countries as India and Pakistan.

To achieve their ends, spokesmen for capitalism argue that poverty is "the treasure-house of virtue and readiness to make sacrifices for the common weal". They often claim that lowering the wages of workers and the incomes of small owners is the best way to make them interested in raising labour productivity. At times they resort to old colonial

theories, though slightly touched up, such as the one alleging "an anomalous response of the Oriental to incentives and his natural inclination to indolence". For instance, Mahbub Ul Haq, a Pakistani scholar, asserts that talk of social justice is a luxury which only industrially-advanced countries can afford.

"The best (and, perhaps, the only) form of social security," he writes, "is a rapid extension of productive employment opportunities to all through the creation of sufficient capital by some. There exists, therefore, a functional justification of inequality of income... The road to eventual equalities may inevitably lie through initial inequalities." [1]

What kind of eventual equality can there be when in India, for instance, where the average annual national income is about 560 rupees per capita, three of the wealthiest families—Tata, Birla and Mafatlal—taken together have a capital of 10,000 million rupees.

Instead of fundamental social reforms, Haq advises the people to expect "good" from the capitalists, who, he insists, will invest the capital created by the workers to increase employment. No mention is made, of course, of limiting consumption by the proprietors or the fact that increased employment will result in increased profits for the same proprietors.

Another advocate of the "rich and poor nations" theory, Jagdish Bhagwati, an Indian economist, considers the raising of the workers' living standard inexpedient.

"A tax policy, for example, which is geared to the redistribution of income in favour of the

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[1] Mahbub Ul Haq. *The Strategy of Economic Planning. A Case Study of Pakistan,* Karachi, 1963, p. 3.

poor," he writes, "may reduce the growth of G. N. P.; the poor may save less while the rich save more, so that the net effect of the redistributive policy may be a reduction in the national savings and hence in investment . . . Hence, the result may be a low level of current G.N.P. The development of backward regions would thus be in conflict with an increase in the national income." [1]

Clearly, Bhagwati has borrowed the "vicious circle" argument already outdated in Western science. Bhagwati perceives a similar "vicious circle" in measures to increase employment. "More jobs today," he writes, "would then conflict with more jobs tomorrow." [2] Both Mahbub Ul Haq and Jagdish Bhagwati deny any need for social transformations, and recommend augmenting the already growing class inequality in newly-free countries. Bhagwati joins company with outspoken racialists when he advocates one-sided distribution of world wealth in favour of the white race. [3]

Bhagwati rejects the very idea of a non-capitalist way of development. With crude anti-communist inventions he attempts to ingratiate himself with world imperialism. The reactionary theoretician calls for greater "aid" both through state and private channels. He has a very high opinion of US "aid" which he contrasts with Soviet-Indian cooperation which is so beneficial to both countries.

A spokesman for India's big bourgeoisie, Bhagwati advocates multilateral "aid" over bilateral one. Bilateral "aid" provides for the purchase of

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[1] Jagdish Bhagwati. *The Economics of Underdeveloped Countries*, New York, 1966, p. 105.
[2] *Ibid.*, p. 107.
[3] *Ibid.*, p. 243.

goods in the creditor country. Bhagwati wants more freedom of manoeuvre for Indian businessmen who then could purchase goods in different countries as they see fit.

His recommendations, however, are more like begging for crumbs of the pie from the table of foreign monopolies. In an attempt to soften up the "powers that be" of the capitalist world he appeals for compassion, and humbly requests that a part of the "aid" resources, capital, technical expertise, and skilled labour be diverted to economically backward areas.[1] The utopian nature of such a project is so obvious that the author himself doubts its feasibility.

The African version of the "rich and poor nations" theory is expressed in *Introduction to the Economics of West Africa,* a book by two Nigerian economists, G. B. Ajayi and I. A. Alawiye. Far from presenting the truth, the book seeks to put across the idea of neo-colonialism.

Intended for the general reader, the book popularizes outdated ideas on the need to preserve existing relations between the capitalist powers and the developing countries. The authors support their contention with the following parallel:

"...The traditional example used to illustrate this paradox of comparative costs—the case of the best lawyer in town who is also the best typist in town.

"Is it not advisable for him to specialize in law and leave typing, for example, to a secretary? Surely, he cannot afford to give up precious time from the legal field, where his comparative advantage is very great, to perform typing activities...

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[1] Jagdish Bhagwati. *The Economics of Underdeveloped Countries,* New York, 1966, p. 244.

in which he lacks comparative advantage. Or indeed, let us see it from the secretary's side. He is less efficient than the lawyer in both activities; the secretary's relative disadvantage compared to the lawyer's is least in typing. Relatively speaking, the secretary has a comparative advantage in typing." [1]

In this example it is not difficult to see an analogy with relations between the imperialist and the developing countries. The former run industry and agriculture much more efficiently than the latter. But the "third world", has a "comparative advantage" over the industrial countries in running agriculture.

Thus, all parties concerned are satisfied—both the lawyer (the industrial country) and the secretary (the developing country). According to the logic of the Nigerian economists, one-sided specialization is a natural condition for African states, and, besides, it is advantageous to both groups of countries. The Nigerian scholars explain the tendency for prices on developing countries' exports to decline in an even more primitive way.

"The prices of many primary products tend to fluctuate widely from year to year or even season," they write. "These price fluctuations often cause large fluctuations in incomes of the farmers. As we should know by now, the production of many agricultural goods is subject to quite wide variations due to factors almost completely beyond human control, like bad weather, insect pests, exhausted soil, etc...

"The effects of these unplanned variations in production will depend on the demand condition

[1] G. B. Ajayi and I. A. Alawiye. *Introduction to the Economics of West Africa*, Ibadan, 1965, pp. 98-99.

for the product, and it is a fact that many agricultural goods have rather inelastic demands, that is, demand does not change markedly with fluctuations in prices." [1] Again the emphasis is on the automatic nature of supply and demand and on natural conditions. It is true that the latter have something to do with the falling prices on traditional exports, but the economists in question carefully avoid mentioning the main cause—the *diktat* of foreign monopolies.

The pro-Western bourgeoisie of Nigeria seldom risks criticizing its powerful Western partners. Unlike in Latin America or Asia, national capital in Africa is just in the emerging stage and, therefore, is very closely connected with the imperialist circles of the West.

The ratio of foreign "aid" among the sources of financing economic development in Africa is, as a rule, greater than in the rest of the "third world". Most of the African bourgeois theoreticians advocate broader "aid", criticizing only some isolated aspects of how it is granted. Whereas at the stage of struggle for political independence they used to put forward progressive ideas of pan-African cooperation, now they increasingly speak in favour of integration within separate regions and, of course, on the basis of closer "cooperation" with the former metropolies.

The Nigerian exponents of the "rich and poor nations" theory, G. B. Ajayi and I. A. Alawiye, purport that "...no country is entirely independent of the rest of the world." [2] and that "all peace-loving nations" must "ensure a higher standard of living

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[1] G. B. Ajayi and I. A. Alawiye. *Introduction to the Economics of West Africa*, Ibadan, 1965, p. 131.
[2] *Ibid.*, p. 184.

for every mankind on earth, black and white." [1] By their interpretation of "independence" they castrate the real meaning of the word and assign equal responsibility to capitalist and socialist countries in helping the developing countries to overcome the consequences of colonialism.

Abdoulaye Wade, a Senegalese economist who adheres to the "independence within the framework of interdependence" trend, practises a more subtle advocacy of dependence on the imperialist powers.

In Senegal, compared with the other French-speaking countries of Africa, the national bourgeoisie and the government are in a rather strong position and the receipts under the "aid" are the largest in Africa south of the Sahara. Wade, who has not much confidence in the flow of private capital from without, is for state interference in the economy, holding that the state should "expand the range of industrial and agricultural goods produced". [2]

Wade advocates a kind of division of functions between the national state and foreign "aid". The latter, in his view, besides making grants to balance the budgets of African states or the supply of consumer goods, is to eliminate obstacles to the growth of agriculture. According to Wade, such wide foreign participation does not conflict with state planning, since in the former French colonies the bulk of the means received from France comes through government channels. He holds the Senegalese Government responsible for the country's economic growth.

[1] G. B. Ajayi and I. A. Alawiye. *Introduction to the Economics of West Africa*. Ibadan, 1965, p. 185.
[2] Abdoulaye Wade. *Economie de l'Ouest africain*, Paris, 1959, p. 337.

Wade believes that because of the low level of national income, "liberal economy is incapable of solving our problems. But this does not mean," he continues, "that the system of integrated planning, which is incompatible with private initiative, should be blindly chosen." [1] In this circumspect way he rejects the socialist experience in planning and recommends a "rational combination of progressive state management and free enterprise." [2]

An analysis of the views of the spokesmen for the big and middle bourgeoisie shows that, although very motley, they are all characterized by the loss of progressive, anti-monopoly elements, by greater nationalism, and by reconciliation with the ideology of the imperialist bourgeoisie. Having lost their former anti-imperialist fervour, the "rich and poor nations" theory exponents in the "third world" resort to social demagogy to promote the class aims of the national bourgeoisie.

However, it is not those scholars who determine the progress of the national-liberation movement.

Among the "third world" ideologists there are astute spokesmen for the national bourgeoisie who regard imperialist plunder as the main cause of their countries' economic backwardness. They realize that they need the political support of the socialist countries in the world arena to successfully combat imperialist monopoly domination. The progressive forces of the "third world", which are headed by communists, are the most consistent opponents of the "rich and poor nations" theory. They expose its reactionary essence and call for broader cooperation with the socialist countri-

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[1] Abdoulaye Wade. *Economie de l'Ouest africain*. Paris, 1959, p. 338.
[2] *Ibid.*, p. 342.

es, for attaining economic independence and implementing socio-economic reforms in the interest of the overwhelming majority of working people.

6. Chinese Recipes

In the early 1960's the exponents of the "rich and poor nations" theory unexpectedly acquired an ally in anti-Sovietism and anti-communism—the Peking leadership. There is a ready exchange of experience. Western researchers willingly make use of gems from the Chinese treasure-trove of ideas and embellish their writings with pseudo-revolutionary phraseology. Peking theoreticians reciprocate by openly borrowing hard-set philosophical stereotypes and terminology from bourgeois literature. The Mao Tse-tung group's divisive activity in the world communist and the national-liberation movement has, no doubt, played and continues to play into the hands of world reaction. An analysis of Maoist views reveals their similarity with the basic tenets of the "rich and poor nations" theory, which goes to show once again the correctness of Lenin's assessment of petty-bourgeois revolutionarism as "menacing, blustering and boastful in words, but a mere bubble of disunity, disruption and brainlessness in deeds." [1]

As far back as the late 1950's, Mao Tse-tung advanced the slogan: "The wind from the East overrides the wind from the West". This slogan remains the nucleus of the Chinese philosophical doctrine to this day. Purely geographically, they divide the world into the East and the West, just as Western ideologists divide it into "the sated North

[1] Lenin. *Coll. Works*, Vol. 33, p. 21.

and the hungry South". Even at the time when the notion "East" was meant to include the world socialist system such a division could not but evoke well-founded objections because of its excessively formalistic and mechanistic nature.

Gradually the Peking theoreticians elaborated on that notion. It came to include more than just Asian, African and Latin American countries, which China claimed to lead. Juggling with Marxist-Leninist terminology in order to impart a "scientific" character to their concoctions, the Peking theoreticians declared the following:

"The Asian, African and Latin American regions are the hub of various contradictions existing in the world. These regions are a weak link in the imperialist chain, as well as the main source of revolutionary storms in the world today. Without the revolutionary support by the oppressed nations of Asia, Africa and Latin America the proletariat and the people of the capitalist countries of Europe and America will not be able to realize their aspirations—to rid themselves of hardship and misfortune generated by capital's oppression and by the threat of an imperialist war." [1]

The conclusions contained in the above quotation run counter to the major Marxist-Leninist thesis that the world socialist system is the decisive force of the world revolutionary process and that the main contradiction of the present epoch, as well as its main feature, is struggle between socialism and capitalism on a world scale. Only in a strong alliance with the world socialist system and the world working-class movement can the forces of national liberation successfully oppose imperialist domination.

[1] *Once Again On Our Disagreement With Comrade Togliatti*, Peking, 1963, p. 34 (Russ. Ed.).

In an attempt to win easy popularity in the "third world" the Chinese would-be Marxists revise the fundamental views of Marxism-Leninism. They accuse the working class of the socialist and developed capitalist countries of becoming "bourgeoisified", and claim that it has lost its revolutionary ardour and, for that reason, it is the peasantry that now plays the leading role.

It will be recalled that China is a predominantly peasant country. This circumstance has left its imprint on Maoist ideology. Claiming the Chinese revolutionary experience, which is peculiar to China, to be of a universal character and insisting on the Chinese way of development for newly-free nations is the main line of Peking's foreign policy. The Chinese leaders forget, however, that the victory of the socialist revolution in China was largely due to the Soviet Army's assistance and to the leading role played by the Chinese proletariat who fought shoulder to shoulder with the peasants.

At the same time it would be wrong to regard Maoism as the outlook of the toiling mass of Chinese peasantry. The Mao group, having abandoned the working class, having deluded a part of the peasantry with pseudo-revolutionary slogans, and terrorized those who differed "today relies primarily on the nationalistic, non-proletarian, petty-bourgeois, largely *déclassé* sections of Chinese society." [1]

By misinterpreting the Leninist theory of the socialist revolution the ideologist of Chinese petty-bourgeois "revolutionarism" try to show that it is a "backward theory". Thereby they add grist to the mill of the anti-communists and Right revisionists who declare Leninism inapplicable to advanc-

[1] *Pravda*, Dec. 5, 1971, p. 3.

ed capitalist countries. At the same time, the talk about "the overriding wind from the East" is surprisingly like the declarations of the so-called Fourth (Trotskyite) International which claims that the centre of the world revolution has shifted to the East whose mission is to "provide the impetus" for a European proletarian revolution. The ideological kinship with the Trotskyites, the worst enemies of the Marxist-Leninists, refutes the "revolutionary ardour" of the Peking propaganda-makers.

Disregard for the class approach in analysing current events is manifested most vividly in the "confrontation between the world town and the world countryside" theory. According to it, the economically backward but politically advanced people of the world countryside (the countries of Asia, Africa and Latin America) have surrounded and are crowding the "moneybags of the world town" (the countries of Europe and North America). The latter group of countries is invariably meant to include the socialist community headed by the Soviet Union.

Claims to leadership of the national-liberation movement are supported by the allegation that China has not lost its true revolutionary spirit and is immune to temptations of "bourgeois acquisitiveness". Thus, the poverty of the millions, which is a result of the Maoists' hazardous domestic policy, is being passed off as "the greatest of virtues and a fount of revolutionary ardour". The Peking leaders point out China's would-be exclusive character as "the biggest of non-wealthy countries" in order to prove the legitimacy of their great-power claims to leadership in the "third world" and to assert themselves as the absolute ideological authority for the "world countryside".

As soon as the People's Republic of China became a member of the United Nations, the Peking leaders declared China a developing country in the hope of gaining popularity with the "third world". To a certain extent Peking's propaganda of great-power, chauvinistic views has historical roots. Long ago Chinese emperors, who ruled East Asia, carefully fostered in the working people the idea that the Chinese were superior to other peoples, and lauded Chinese culture and customs to the utmost. The philosophy of Confucius who professed the "infallibility of the supreme ruler" came in handy as well. The Maoists who have inherited these ideas declare that the Chinese people is "the most progressive and the most revolutionary-spirited." Once the Mao Tse-tung personality cult had taken firm root in China, they began to urge that "Mao's absolute authority" be spread all over the world.

The Maoists regard the poverty of newly-liberated peoples as the result of their living in economically backward countries unfavourably situated geographically rather than their being exploited within the system of world capitalist production relations. They view the national-liberation movement as a detached, absolutely independent force that is outside the influence of the world socialist system and the international working class. They need such a revision of Marxism-Leninism in order to promote their claim to leadership of the national-liberation revolution, to estrange it from its true friends, to divert it from the road of real class solidarity and alliance with the leading forces of world progress, and to push it into the bog of unrestrained nationalism and isolationism.

Initially, this was reflected in the nationalistic policy line of "reliance on one's own strength",

This line was pursued for the purpose of detaching the countries in the national-liberation movement from the socialist community and curtailing their growing trade and economic cooperation with that community. Economic independence was equated with autarchy, with isolated, self-sufficient development. Without reservation, preference was given to agricultural growth at the expense of industrial development. It was purported that only very populous country with a vast territory could achieve genuine economic independence.

The idea of "an automatic collapse of imperialism crushed by the solidarity of the peoples" was popularized in every way among the young national states.

The adventurous "big leap" line was also offered as an "effective remedy" for economic backwardness. The slogan "three years of hard work—ten thousand years of happy life" was alleged to provide the only way of "quickly attaining economic independence".

However, after the "big leap" line failed emphasis in Peking's propaganda shifted abruptly. Instead of recommending painstaking and time-consuming work to build the foundation of an independent economy (a process diametrically opposed to the rash policy of reliance on one's own strength), it was now suggested that imperialism be crushed "in a purely military way". Thus adventurism in the sphere of economic strategy was replaced with adventurism in the military and political sphere.

Following that, the Maoists assumed a policy of seeking to intensify international tension and urging other nations to fight. They issued appeals calling for a "popular war in all countries and on all continents". Upright people everywhere shuddered at Mao Tse-tung's nonchalant statements about the

possibility of half the world's population perishing in a nuclear war. In provoking peoples to rash action for the sake of boosting the Maoist illusion that it was possible to create after the nuclear war, "a thousand times more beautiful civilization on the ruins of imperialism", Peking based itself on "the great helmsman's wise slogan": "Power comes from the barrel of a gun."

However, the Chinese splitters never went beyond speechifying about "stepping up the struggle against imperialism". While mouthing extremist slogans they preferred to stay on the sidelines—"to sit on a hill and watch tigers fight". Their tactics was to dupe the "third world" with demagogy about "paper tigers", while their strategic goal was to dominate the world bled white by a devastating war.

The unscrupulousness and treachery of the Peking leaders is evident from the fact that while declaring their "irreconcilability towards imperialism" they engage in double-dealing. Behind the back of the peoples they are trying to establish "Asian solidarity" with Japanese imperialism. Chou En-lai's utterances about both China and Japan belonging to the East, and the similarity of race and the alphabet of "our two great nations" are widely known. What is actually meant is solidarity with Japanese militarism, and the Chinese press no longer warns of its danger.

The Maoists' duplicity is even more evident with regard to India against whom propaganda campaigns under chauvinistic slogans are often conducted in China. Their attempts to instigate armed conflicts between India and Pakistan, opposition in the United Nations (offered together with the United States) to the Soviet resolution on terminating the war between India and Pakistan, sup-

port for the reactionary military regime which tried by armed force to crush the national-liberation movement in East Pakistan (now the independent state of Bangladesh)—all go to show that the Mao group and its supporters act contrary to the vital interests of peace-loving developing states.

Attempts to misrepresent the internationalist policy pursued by the Soviet Union and other socialist countries towards the "third world" constitute the essence of a modification of the "rich and poor nations" theory framed in Peking. Stopping at nothing to implement their hegemonic claims for control over thinking of the peoples and the destiny of the world, the Chinese would-be Marxists have plagiarized ideas directly from imperialist ideologists. They have picked up and "creatively assimilated" the so-called "superpowers" concept which has long been used by Western propagandists for domestic consumption. Maoist writers have seen to it that the concept has reached the "world market" of anti-socialist ideas.

The Peking leaders needed the "superpowers" concept for the selfsame purpose, described above, as they needed the "struggle of the world countryside against the world town" theory. In both concepts the class approach is replaced by a nationalistic, great-power outlook. Advancing the completely false thesis that "two superpowers" (the USSR and the USA) oppose all the other states is, in effect, a betrayal of class interests.

The Maoists have such hate for the Soviet Union that they are capable of forgetting about the "threat from American imperialism". It is not accidental that in their speeches some Chinese leaders use the phrase "one or two superpowers". The world public justly interprets this as an attempt to get the United States to make concessi-

ons to China so as not to be included in the number of "superpowers". Peking information agencies have all kinds of recommendations as to how the European monopolies can best join forces against "one or two superpowers". At the same time solemn assurances are made that "China will never be a superpower" and that she is "the most faithful ally of the small and medium-size countries" against domination by the "superpowers".

Such assurances are made with a purpose, for China is the world's most populous country and can hardly be classed with either the "small" or "medium-size" countries. To use Peking's terminology, China herself can easily become a "superpower" and begin to dictate her will to those whom she promises to protect.

The Maoists offer a mixed-up, eclectic and pseudo-dialectical characteristic of the present epoch's major antagonisms as a great discovery. In 1969, for instance, the 9th Congress of the Communist Party of China declared that there were four major antagonisms in the world: one—between the oppressed nations, on the one hand, and imperialism *cum* social-imperialism, on the other; another—between the proletariat and the bourgeoisie in the capitalist and the revisionist countries (the socialist community); a third—between the imperialist countries and the social-imperialist country (the USSR), as well as among the imperialist countries themselves; and a fourth—between the socialist countries, on the one hand, and imperialism *cum* social-imperialism, on the other.

Verbal attacks against the USSR and efforts to evoke distrust towards the world's first socialist country have come to form the core of Peking's entire domestic and foreign policy. Its groundless allegations about collusion between the two "su-

perpowers", the USSR and the USA, are widely known. They are being spread to stoke the fires of nationalism in the "third world" and to set it against the socialist world. By putting the USA, the largest imperialist power, in the same boat with the USSR which is the bulwark of all the peace forces and a steadfast friend of oppressed nations, the Maoists have vividly demonstrated their complete departure from Marxism-Leninism. Anti-communism and anti-Sovietism are twin notions. By slandering the USSR and the entire socialist community the Chinese splitters render an invaluable service to reaction and imperialism.

Addressing the 1969 Meeting of Communist and Workers' Parties, Leonid Brezhnev, General Secretary of the CPSU Central Committee, said:

"Peking's practical activity on the international scene convinces us increasingly that China's foreign policy has, in effect, departed from proletarian internationalism and shed all socialist class content...

"The facts show that the Chinese leadership only speaks of struggle against imperialism while in fact helping the latter directly or indirectly, in deeds."

Thus, Peking propaganda-makers join the more reactionary of the advocates of the "rich and poor nations" theory. They assert that the Soviet people is "steeped in luxury and neglects its obligations towards the world countryside", and that it regards its internationalist duty of helping the "third world" as "a heavy burden and an act of kindness." They even attempt to misrepresent the line adopted by the 24th CPSU Congress, which is aimed at raising the people's living standard in the current five-year period, by describing it as "a fresh proof of the worst kind of economism and

bourgeois degeneration". In spite of the well-known facts concerning the construction in the USSR of a classless communist society, the Chinese splitters, in an attempt to delude the peoples, keep talking about "an antagonism between the proletariat and the bourgeoisie in the revisionist countries". Peking even issues appeals to the Soviet people "to carry out a revolution" that would change the present social system.

Such is the evolution of the Maoists' ideological degradation. By greatly overrating the mission of the peasantry and underrating the role of the proletariat in the revolutionary process they came to assert that the main contradiction of the present epoch was an antagonism between the national-liberation movement and the leading capitalist powers, rather than between socialism and imperialism. Gradually the idea transformed itself in the minds of the Chinese theoreticians, becoming an antagonism between "the world countryside and the world town" into which all countries of the world are divided regardless of the prodominant mode of production. Open nationalism and racialism came to replace the class approach. Maoism became "a sinicized social-chauvinism, the core of which is formed by Chinese social-militarism". The final stage of Maoism's departure from Marxism-Leninism was marked by the birth of the distorted "superpowers" theory, by vicious anti-Sovietism and anti-socialism.

Maoism actually leaves no prospects of social development for newly-free nations, except their complete subjection to imperialism. It is not accidental that Peking's doctrine leaves out a most important Marxist-Leninist thesis—on the possibility of non-capitalist development for young national states as the alternative to developing as

part of the world system of capitalist exploitation. The Chinese leaders have labelled this thesis "empty talk".

However, history does not develop in accordance with Peking's doctrines but rather contrary to them, thereby proving the validity of the ideas of scientific communism.

7. A Way Out of the "Vicious Circle"

Bourgeois writers, advocates of the "rich and poor nations" theory, make every effort to whitewash capitalism and to show its supposed advantages over socialism. Peking's anti-Soviet divisive policy, highlighted by attempts to slander the experience of socialist construction, plays straight into their hands.

However, practice convinces the newly-free peoples more and more that the capitalist road of development is unacceptable for them. In the eyes of the "third world", capitalism is so compromised that even the more reactionary regimes and rulers are afraid to reject socialism openly and disguise their intentions with promises to follow a so-called "middle road".

Experience shows that capitalism is incapable of ensuring genuine economic independence for newly-free countries; in fact it brings the millions there untold suffering and hardship. Economic backwardness can be overcome only by abolishing the system of imperialist exploitation and ousting foreign capital from the national economy. The capitalist road of development, however, presupposes the utmost expansion of the "traditional ties" and perpetuation of the existing relations between the exploiters and the exploited.

The people in the former colonies can see for themselves that capitalism entails greater inequality in the property status and a greater income gap, which result in increased class stratification and exploitation of the working people.

Today the national-liberation movement opposes world imperialism with growing determination, and looks for new ways of attaining economic independence; the countries involved seek to expand their ties with the world socialist community.

The Central Committee Report to the 24th CPSU Congress, delivered by Leonid Brezhnev, said in part:

"The main thing is that *the struggle for national liberation in many countries has in practical terms begun to grow into a struggle against exploitative relations, both feudal and capitalist.*

"Today, there are already quite a few countries in Asia and Africa which have taken the non-capitalist way of development, that is, the path of building a socialist society in the long term. Many states have now taken this path. Deep-going social changes, which are in the interests of the masses of people, and which lead to a strengthening of national independence are being implemented in these countries, and the number of these changes has been growing as time goes on."

The classics of Marxism-Leninism envisaged the possibility of attaining socialist without having to go through the capitalist stage. Karl Marx maintained that with the help of the victorious proletariat of industrially-advanced countries economically backward nations could by-pass the capitalist stage and shorten the period of birth of the new society. Frederick Engels also admitted the possibility of shortening such a development process.

The theory of non-capitalist development was thoroughly elaborated by Lenin.

"...With the aid of the proletariat of the advanced countries," he wrote, "backward countries can go over to the Soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage." [1]

Life confirms the brilliant predictions of the classics of Marxism-Leninism.

A number of "third world" countries have already chosen the non-capitalist road of development. They were able to do so because of the world socialist system's becoming the determining force of world development, whereas the public at large have lost their trust in capitalism. The weakness of the national bourgeoisie in the former colonies in comparison with the bourgeoisie in the imperialist countries, and the heightened political awareness and activity of the proletariat and broad sections of the people facilitate the introduction of socio-economic reforms.

The experience of socialist construction in the Soviet national republics and in the Mongolian People's Republic, where formerly precapitalist relations predominated, is a model for the countries which have chosen the non-capitalist road. The achievements of the former have a tremendous attraction for developing countries and provide them with reliable guidelines for overcoming economic backwardness within the shortest possible time.

Speaking on the occasion of the fiftieth anniversary of the Union of Soviet Socialist Republics, Leonid Brezhnev gave the following description of the successes in socialist development attained by the Soviet republics:

"Let us recall for a moment the state of the out-

[1] Lenin. *Coll. Works*, Vol. 31, p. 244.

lying national areas of the country by the time of the Revolution. In economic development Central Asia and Kazakhstan were on a level quite usual for colonial countries. . .

"Since the formation of the Union, Kazakhstan's industrial output has increased 600-fold, Tajikistan's over 500-fold, Kirghizia's over 400-fold, Uzbekistan's about 240-fold and Turkmenia's over 130-fold. The gross cotton crop in Uzbekistan has gone up 120-fold and in Turkmenia 90-fold. Kazakhstan now produces almost 30 times more grain than it did in 1922.

"The cultural development of Kazakhstan and the Central Asian Republics is equally striking. They have achieved virtually 100 per cent literacy."

In the capitalist world much less impressive achievements are often described as a "miracle".

The non-capitalist mode of development presupposes that the material requisites necessary for the building of a new society are created within a definite historical period. The experience of socialist-oriented countries, such as the Arab Republic of Egypt, Syria, Algeria, Somali, Guinea, and Burma, and the practices of their governments show what great opportunities for social and economic upsurge there are in non-capitalist development.

One of the more effective ways of restricting the imperialist monopolies is nationalization of their property with full or partial compensation, or without any. At an early stage of development the nationalized property of foreign and local big capitalists constitutes the nucleus of the state economic sector which keeps on growing as new enterprises are built. In the Arab Republic of Egypt, for instance, the state enterprises account for 85 per cent of that country's industrial output, while

in Burma the state owns over 80 per cent of the extractive industry. The state sector permits increasingly widespread use of planning in economic management. The tremendous successes of the socialist countries make the idea of planning exceedingly popular with the above-mentioned countries.

In order to change over to non-capitalist development it is necessary to resolve the agricultural problems and, above all, introduce agrarian reforms. Success in this area will largely determine whether or not the revolutionary-democratic governments are able to win over the multi-million peasantry.

Economic reforms constitute a firm foundation for effecting social change in keeping with the people's interests. In Egypt, for instance, measures have been taken to reduce the income gap between different population groups, to raise the minimum income level, to shorten the workday, and to improve the public health and education systems.

Naturally, as soon as newly-free countries begin to steer a progressive course in domestic and foreign policy their decision is sharply challenged by the imperialist powers and local reactionary forces. But in their just struggle developing countries have the moral and material support of the socialist community.

The socialist countries steadily support the efforts of the developing countries to restrict the monopolies' omnipotence. They have approved the idea of the UN document on the Second Decade of Development for 1970-1980 and issued a special Statement which contains concrete proposals for the implementation of coordinated international measures to step up the rates of economic progress

and to abolish poverty and illiteracy in the developing countries.

The socialist countries have repeatedly stressed that economic backwardness is, above all, the result of colonial plunder and the unequal rights of young national states within the system of world capitalist economy. Therefore, to ensure economic and social progress it is necessary to do away with neo-colonialism and to remedy its aftereffects.

One of the most important tasks facing the former colonies is to stop the flow of their national wealth into the coffers of the monopolies, which draw fabulous profits from these countries, and to prevent the "price discrepancy" on the world market from growing. The imperialist powers must reimburse them for the damage caused. Soviet representatives in the United Nations proposed that compensation funds be instituted by deducting a part of the profits made by Western companies operating in the developing countries and that the latter get a bigger share of the profits derived by foreign capital from the development of their natural resources. The industrial capitalist countries rejected the Soviet proposal.

The attainment of economic independence by former colonies is connected with the solution of yet another complex problem—that of changing the present international capitalist division of labour which benefits the imperialist powers. The position of the "third world" countries in foreign trade can be improved through concluding long-term trade and payments agreements and considerably raising the artificially lowered prices on primary and farm products on the world market together with lowering the monopoly-set high prices on manufactured goods produced by imperialist powers.

In their relations with Asian, African and Latin American countries the Soviet Union and other socialist states are guided by the principle of mutual interest and mutual benefit, which excludes any form of exploitation. Such cooperation promotes the national economy of developing countries and their economic independence.

Cooperation with developing countries envisages multilateral economic ties—from trade and the furnishing of loans to technical assistance and the training of national personnel.

These ties are steadily expanding thanks to rapid development of the Soviet Union and other socialist countries as important industrial states. Between 1940 and 1970, for instance, the volume of industrial output in the USSR increased 14 times, and now Soviet industry produces more goods in just one month than it did in the whole of 1940. Such successes enable the socialist countries to carry out consistently Lenin's behest that the oppressed peoples of the East be helped to ". . .pass to the use of machinery, to the lightening of labour, to democracy, to socialism." [1]

That is why machines and equipment predominate in the socialist countries' export, while their import comprises mostly goods which are the speciality of developing countries.

The socialist states attach no political or economic strings to their financial assistance to developing countries. The credits they grant may be repaid with traditional export commodities, and since recently—with the products of local manufacturing industries. In some cases loans are repaid in the national currency which is later used to purchase goods on the markets of developing countries.

[1] Lenin. *Coll. Works,* Vol. 23, p. 67.

As a rule, the developing countries pay 2-3 per cent in interests per annum which is considerably less than the rate charged for loans made by most of the imperialist powers.

Since about 70 per cent of the resources are used to construct industrial enterprises and energy-producing complexes, the industrialization of developing countries is accelerated.

In the developing countries 340 industrial projects and installations have already been built with Soviet financial and technical assistance and are now in operation: 360 more are under construction.

In accordance with inter-government agreements, the socialist countries, on building industrial projects and installations, usually turn over the technical documentation on advantageous terms, charging only for work that went into the preparation of the documents. Western companies, however, charge exorbitant sums for technical innovations. Scientific and technical assistance extended by socialist countries covers geological prospecting and survey, development of natural resources, projecting and research, assembly and setting up of equipment, furnishing documentation on technological processes, and sending experts abroad.

The Soviet Union and other socialist countries play an important role in training national personnel for developing countries. While building projects in developing countries, specialists from socialist states willingly assist local workers in mastering various trades. Altogether, specialists from countries which are members of the Council for Mutual Economic Assistance have trained over 200,000 skilled workers and technicians in developing countries; about 150,000 of them were trained

by Soviet specialists. At the request of the governments of young national states their citizens are given the opportunity to receive higher or specialized secondary education in socialist countries. Over 20,000 students from Asian, African and Latin American countries are studying at higher and specialized secondary schools in CMEA countries. In the 1969-70 academic year, 12,200 citizens of developing countries studied in the Soviet Union.

It should be noted that in training national personnel for developing countries Western states do not ensure that these specialists will return home. Moreover, they do everything to persuade the more capable ones to stay in the West, thereby aggravating the shortage of specialists in developing countries. Every year an average of 3,000 persons from Asian, African and Latin American countries go to industrial capitalist states to be trained as engineers. They comprise 11 per cent of the graduates of the local education establishments. Upon graduation about one-half of the "third world" students stay in the United States. This phenomenon, known as "brain drain", is the latest form of neo-colonialism.

The Soviet Union and other socialist countries regard cooperation with the developing countries as support of the national-liberation movement by the victorious proletariat. Mutually beneficial cooperation between the two groups of countries convinces the peoples of Asia, Africa and Latin America of the fallaciousness of the "rich and poor nations" theory. The alternative to capitalism is the non-capitalist way of development which enables countries to mobilize their resources for building, ultimately, a socialist society. It is the only way for newly-free nations to attain genuine economic and social progress.